

The University of Chicago

Administrative Decentralization

A STUDY OF THE CHICAGO FIELD
OFFICES OF THE UNITED STATES
DEPARTMENT OF AGRICULTURE

A DISSERTATION SUBMITTED TO THE FACULTY
OF THE DIVISION OF THE SOCIAL SCIENCES
IN CANDIDACY FOR THE DEGREE OF DOCTOR
OF PHILOSOPHY

DEPARTMENT OF POLITICAL SCIENCE

1939

By

DAVID BICKNELL TRUMAN

THE UNIVERSITY OF CHICAGO PRESS
CHICAGO, ILLINOIS

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ADMINISTRATIVE DECENTRALIZATION

THE UNIVERSITY OF CHICAGO PRESS
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TO MY MOTHER
and
TO THE MEMORY OF MY FATHER



PREFACE

OF MANY possible developments for the government of the United States there is no trend which seems more certain of continuation than the increasing centralization of policy determination in the national government. The large number of major political problems which can no longer be confined within the boundaries of the individual states cannot be expected to diminish, and, barring the invention of vastly more efficient devices for interstate co-operation or for other subnational action, an increase seems more than likely. The policies which are adequate to deal with these problems, moreover, of necessity are beyond the comprehension of the untrained layman. This factor, together with a growing possibility that the economy of this nation or of this hemisphere must compete as a unit with large unified regimes in other parts of the world, means that increasingly larger segments of technical policy-determining will be withdrawn from the arena of general popular discussion.

In consequence of these trends the responsibilities of public administration may be increased beyond any limits this country has ever known. If these obligations are to be carried out efficiently and on the basis of consent rather than coercion—as inevitably in the long run they must be—our administrators must avail themselves of every practicable device for avoiding the undesirable consequences of centralized policy determination. In the realm of organization perhaps the most promising of these devices is a field force capable of applying and adapting general policies to local, regional, or occupational needs and peculiarities.

Despite the fact that more than four-fifths of the civil service of the national government is located outside of Washington, the active responsibilities of the service are of such recent

date that little concentrated attention has been given to the problems of the field. We know little of the influences which tend to concentrate authority in the nation's capital or of the forces operating in the opposite direction. We know even less of the co-operative devices operating in the field and of the contacts existing between the field forces and the general public. The problems associated with these relationships have been dealt with only segmentally by administrators and by students of government.

This study is an attempt to explore some of these problems. Since it deals primarily with the offices of the United States Department of Agriculture in a single area—Chicago and its hinterland—the generalizations it reaches are necessarily tentative. If they serve as a basis for similar investigations of other departments in other areas and are subjected to modification and correction or confirmation by other students, they will have achieved their primary purpose.

The study is based almost entirely upon interviews with federal officials in Washington and in Chicago, upon observation of the work of the field men, and upon interviews with men in the industries affected by these operations of the Department of Agriculture. Because of their number and because of the confidential nature of some of their answers to the investigator's innumerable questions, these persons cannot be mentioned by name, but the author wishes to express to them collectively his gratitude for their interest and for their patient co-operation. Without their assistance the study could not have been carried on.

In its original form the study included a section dealing with the relations between the field officials and the states and localities. Since the findings, however, added little to those of other investigators, this section has been omitted. Also, after the completion of the research, certain changes were made in the organization of the Department which do not alter the study's conclusions but which should be noted. The Food and Drug Administration, whose operations received much of the au-

thor's attention, was transferred by order of the President from the Department of Agriculture to the Federal Security Administration. By the same process the Weather Bureau was moved to the Department of Commerce.

While the author must assume complete responsibility for the findings reported, he wishes to mention his debts to several persons who contributed in large part to such merits as the study possesses. To Professor John M. Gaus of the University of Wisconsin the author is especially grateful, since the study was undertaken at his suggestion and he has been more than generous with advice and assistance at every stage. Mr. Leon O. Wolcott, assistant to the Secretary of Agriculture, saved the author many mistakes in collecting his data and generously accepted the unpleasant task of examining the entire manuscript. Mr. P. W. Melton, of the Bureau of the Census and formerly of the Office of Personnel, United States Department of Agriculture, supplied various data and made many valuable suggestions. The author has had the invaluable benefit of the wise counsel and criticism of Professor Leonard D. White of the University of Chicago under whose direction the study was carried to completion. To Professor Marshall E. Dimock of the University of Chicago, who directed the investigation until he was called to Washington as second assistant secretary of labor, the author wishes to express his gratitude for this one of many kindnesses. Thanks are due to Clarence E. Ridley, executive director of the International City Managers' Association, for reading the manuscript and to Elton D. Woolpert of the same organization for wise counsel and friendly encouragement. Finally, the author wishes to acknowledge the patient assistance and unfailing enthusiasm of his wife. Such debts cannot be repaid; they can only be recorded.

DAVID B. TRUMAN

BENNINGTON, VERMONT

June 1940

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CHAPTER I

THE PROBLEM OF DECENTRALIZATION

PRIMARY among the recurring and persistent problems of government is that of so arranging the constituent elements of the body politic that its human resources may be employed to the full, that no single group shall be so poorly articulated with the whole as to desire the destruction of the established equilibrium, and that the entire organism may adjust to change without violent rupture or dissolution. A host of philosophers and statesmen through the ages have wrestled with the problem in its general aspects or have faced its difficulties in the heat of particular political crises.

This question of centralization and decentralization, which has been aptly characterized as "the zoning of power," has a number of different aspects—territorial, group, and personal. As changes in the physical and ideological environment make the satisfaction of new demands upon the holders of power the price of their continuance, the problem must be solved again, and a new equilibrium is produced whose value will be modified in turn.¹

Evidence of the persistence of the problem is abundant. The literature dealing with political institutions in Rome during the last days of the Republic and under the Empire is filled with the struggles of the senate and the Caesars to develop a solution for it.² The issue was prominent in the years during which the national states developed in Europe. It had its part

¹ Charles E. Merriam, *Political Power: Its Composition and Incidence* (New York: McGraw-Hill, 1934), pp. 206 ff.

² See, e.g., Leon Homo, *Roman Political Institutions* (London: K. Paul, Trench, Trubner & Co., Ltd., 1929), pp. 334-43; A. H. J. Greenidge, *Roman Public Life* (London: Macmillan & Co., Ltd., 1901), pp. 434-39; Hugh Last,

in the developing crisis which led to the independence of the United States and was one of the factors in the upheaval of 1789 in France.

In the United States peaceful methods of maintaining the equilibrium so far failed that four years of bloodshed and destruction were required to establish a division of authority between the states and the nation. Moreover, later developments have so changed the scene from what it was in the sixth decade of the last century that the problem continues to be a prominent factor in American political life.³ Similar influences have conduced to the persistence of the problem in other countries of the West.⁴

In the parlance of political science centralization and decentralization are concepts which are applied sometimes to the relations between the different levels of government⁵ and sometimes to the relations between higher and lower authorities on a single level⁶ of government. Moreover, they are often used interchangeably in connection with both types. Leonard D.

"Rome and the Empire," *Cambridge Ancient History* (Cambridge, England: Cambridge University Press, 1923-36), Vol. XI, chap. xi; and G. H. Stevenson, "The Imperial Administration," *Cambridge Ancient History* (Cambridge, England: Cambridge University Press, 1923-36), Vol. X, chap. vii.

³ See Charles E. Merriam, *American Political Ideas* (New York: Macmillan Co., 1920), pp. 228-49. For a discussion of the same problem in the industrial empires of today see Marshall E. Dimock's forthcoming monograph on the America Telephone and Telegraph Company and Edgar H. Gault, *Control of the Retail Units of Chain Stores* ("Michigan Business Studies") (Ann Arbor: University of Michigan, Bureau of Business Research, 1935), Vol. VII, No. 1.

⁴ See Maurice Hauriou, *Etude sur la décentralization* (Paris: V. Giard & E. Briere, 1892); P. E. Cadhilac, *Les Projets de régionalisme administratif* (Paris, 1921); Great Britain, Parliament, Conference on Devolution, *Parliamentary Papers*, Cmd. 692 (1920); May L. Dhonau, *Decentralization in Government Departments* (London: Institute of Public Administration, 1938).

⁵ Leonard D. White, *Trends in Public Administration* (New York: McGraw-Hill, 1933), chap. iii.

⁶ Luther Gulick, "Notes on the Theory of Organization," in Luther Gulick and L. Urwick, *Papers on the Science of Administration* (New York: Institute of Public Administration, Columbia University, 1937).

White, however, in his latest work applies the terms exclusively to the former situation, using the terms "concentration" and "deconcentration" to refer to the latter⁷ and pointing out that they are ". . . analogous to but not identical with the concept of centralization." Sir Charles Harris makes the same distinction but uses "decentralization" to refer to single levels and "devolution" to refer to two or more levels.⁸ While it is useful, as these writers have recognized, to distinguish between delegation from one level of government to another and delegation from superior to subordinate in one hierarchy, since the problems involved in the two differ markedly, the present study deals only with the latter relationship; the author has, therefore, decided to risk criticism by employing the more familiar terms, at times adding the qualifying adjective "administrative."

THE NEED FOR DECENTRALIZATION

The present study approaches the problem of centralization-decentralization—the zoning of power—from the standpoint of its importance in administration or, to put it another way, of the contribution of administration to the maintenance of a proper equilibrium between centrifugal and centripetal political forces. Convenience may require that the administrative process be viewed as something distinct from both politics and adjudication, but students of society are increasingly recognizing that, in the complex social organism of the twentieth century, administration is united with adjudication and political leadership in maintaining stability and facilitating peaceful change. Particularly as the functions of administration have increased in number and its responsibilities in importance has its role in the mitigation of social maladjustment been recognized.⁹ In such circumstances overconcentration of effective

⁷ *Introduction to the Study of Public Administration* (rev. ed.; New York: Macmillan Co., 1939), p. 101; cf. also his article entitled "Decentralization" in *Encyclopedia of the Social Sciences* (New York, 1931), V, 43-44.

⁸ "Decentralization," *Public Administration*, III, No. 2 (April, 1925), 117-33.

⁹ Merriam, *Political Power*, pp. 184-85; White, *Trends in Public Administration*, p. 340.

authority in the central offices at Washington will be increasingly hazardous, for, as Merriam has observed,

overcentralism has been the cause of the overthrow of many an individual and government, by concentration against it of all the disaffected elements of excluded authority. The circumference is always against the center, even when there is no good functional reason why it should be. . . . In a period of specialization of activity and of specialization even in the art of management, this tends to become increasingly true. . . . ¹⁰

It has been repeatedly shown that a centralized administration, heaping on itself an intolerable measure of responsibility, invites collapse in periods of stress. A recent study of the development of four revolutionary crises reaffirms this point by indicating that the presence of administrative entanglements and confusions was a common element in the background of the English, American, French, and Russian revolutions.¹¹ While it would be ridiculous to maintain that the entire, or even the major, responsibility for the avoidance of violent upheaval lies with the executors of policy, it is nonetheless clear that administration, and especially administrative organization, is a vital factor. E. Pendleton Herring states the position clearly when he says:

The administrative branch of the government cannot maintain a balance in a dynamic society, but it can do much toward clarifying and effectuating the purposes declared by our legislators. The caliber of our officials and the efficiency of their organization will largely determine the successful application of those policies designed to promote the general welfare.¹²

But the requirement of decentralized administration can be indicated in narrower, less dramatic terms than those of violent social upheaval. Conditions of administrative inadequacy producing frustration and failure in legislative policy are equally

¹⁰ *Political Power*, p. 207.

¹¹ Clarence Crane Brinton, *The Anatomy of Revolution* (New York: W. W. Norton & Co., 1938), pp. 48-52.

¹² *Public Administration and the Public Interest* (New York: McGraw-Hill, 1936), p. vii.

to be avoided. The factors which demand decentralization if such inefficiency¹³ is to be minimized can be discussed under three general headings.

The problem of popular control over the newer functions of the national government.—The persistent increase in the number of functions performed by the national government of the United States has been amply described, and the increased responsibility which this growth has placed upon the shoulders of the federal officials has been discussed at length.¹⁴ It is sometimes forgotten, however, that not only has the number of federal functions been augmented, but the nature of these newer duties is far different from that of those which characterized the national government two generations ago. Federal authority now makes demands upon the individual farmer and businessman, performs services and enforces requirements in countryside and market place which bring it into contact with the citizen with an intimacy which but recently was unknown even in times of war.

At the same time we have witnessed an integration and centralization within the federal administrative structure.¹⁵ As John A. Fairlie pointed out many years ago, the early conception of a department head in England and the United States considered him without authority to direct the actions of his subordinate officers, "but as the result of a century of development the national administration has become centralized in spirit and practice as well as in form."¹⁶ To complicate the picture still further we find that the newer administrative preoccupations encompass a widening group of technical and professional oper-

¹³ The idea of social efficiency which is used here and throughout the present study is set forth in Marshall E. Dimock, "The Criteria and Objectives of Public Administration," in J. M. Gaus, L. D. White, and M. E. Dimock, *The Frontiers of Public Administration* (Chicago: University of Chicago Press, 1936), pp. 116-33.

¹⁴ White, *Trends in Public Administration*, esp. Parts I and II.

¹⁵ *Ibid.*, pp. 224-30.

¹⁶ *The National Administration of the United States of America* (New York: Macmillan Co., 1905), pp. 61-62.

ations understood only by small segments of those affected by these activities.

Such developments give meaning to the observation that men all too often find the punitive powers of government only too encompassing but encounter a remote and unyielding machine when they desire to control it. Informed criticism and uninformed denunciation of these trends have been frequent. Less than twenty years ago a competent student of government stated that most observers would agree that "the machinery of national government has failed to cope adequately with the increased burden centralization has imposed upon it."¹⁷ Other criticisms have been less temperate.¹⁸ Through the mass of observations and objections it is possible to see that the centralization of policy formation on matters of intimate personal concern to the individual citizen and group requires an accompanying adjustment of the authority and responsibility of those at the lower reaches of the administrative hierarchy, i.e., decentralization, if a program is to be carried out efficiently,¹⁹ that is, with the consent and co-operation of those whom it affects.

The problem is not a new one in administration. In the Roman Empire we find the colonies retaining individuals to represent their interests in Rome as a means of controlling the excesses of the imperial governors.²⁰ In the United States control of officialdom by the people has been a persistent problem. Herring has pointed out that Jackson's policy of rotation was

¹⁷ S. Gale Lowrie, "Centralization versus Decentralization," *American Political Science Review*, XVI, No. 4 (August, 1922), 384.

¹⁸ See, e.g., James M. Beck, *Our Wonderland of Bureaucracy* (New York: Macmillan Co., 1932); and the now famous letter in the *New York Times* of June 3, 1936, from Newton D. Baker, Lewis W. Douglas, and Leo Wolman, condemning the centralized federal bureaucracy and advocating a return of power to the states.

¹⁹ In this connection it is interesting to note Leonard D. White's observation that "the need of interested groups to find a means of exerting pressure at centers of decision explains in large part the march of political power from the city hall and the county courthouse to the state capitol and thence to Washington" (*Introduction to the Study of Public Administration*, p. 143).

²⁰ G. H. Stevenson, *op. cit.*, pp. 470-71.

designed not only to reward his loyal followers but also to apply "democratic" principles to office-holding.²¹ The issue today is the dual one of maintaining a responsive and uncorrupted public service and of so joining the citizen with administration that his particular knowledge may be used and his consent be secured.²²

This problem is primarily one of organization. As John M. Gaus has observed in a slightly different connection, "organization must provide . . . for the continuous winning of consent of a great number of people in the formulation of and movement toward a purpose."²³ The choice does not lie between the alternatives of state inaction or lack of uniformity and national standardization and unresponsiveness. Authority and responsibility can be so devolved upon the periphery of the administrative structure that continued administrative control will not be inconsistent with popular control. Even organized group interests at the centers of administrative decision are not an adequate protection against a widening gulf between official and citizen. In some cases they serve only to complicate the problem.²⁴ The distinction which Merriam draws between "structural or legal concentration of responsibility and legality" and "actual consolidation of working powers" is of value in this connection. He says: "the danger lies in the latter, in the possibility that the congestion in the power center becomes so great that authority fails to function effectively."²⁵ Thus, the solution of the problem must be found, not by decrying a concentration of the function of policy formation which is entirely consonant with the realities of modern life, but by complementing this concentration with an

²¹ *Op. cit.*, p. 17.

²² *Ibid.*, p. 20. Cf. also Clarence E. Ridley and Orin F. Nolting, "Taking City Government Back to the People" (*Public Management*, XXI, No. 4 [April, 1939], 99-103), in which it is urged that large cities decentralize administration in order to combine intimate contact with the people and the advantages of large-scale operations.

²³ "A Theory of Organization in Public Administration," in Gaus, White, and Dimock, *op. cit.*, p. 69.

²⁴ Herring, *op. cit.*, chap. iii and *passim*.

²⁵ *Political Power*, p. 206.

administrative decentralization which will keep the program sensitive to the demands and criticisms of those whose consent is essential to its success.

The conflict between administrative effectiveness and the theory of rigid federalism.—Much of the criticism of the increase in the functions of the national government has been based upon fear of the destruction of the federal system in the United States, anticipation of the complete eclipse of the states. The following quotation is typical of the more extreme partisans of this view:

. . . The equilibrium of power between the Federal and State Governments cannot stand the meddlesome activity of the Board of Vocational Rehabilitation and the Department of Agriculture, as their greedy fingers reach into millions of American homes, developing in the youth of the land the belief that they should look to the Federal, rather than to their State governments.²⁶

Such protestations, following a tradition as old as the *Federalist*, are based on the assumption of an inherent and essential conflict of interest between the Union and the several states. However, the increasing difficulty of classifying the functions of government as of either local or national concern tends to rob the assumption of much validity. With government activity expanding into such fields as public health, the provision of security against the ravages of economic fluctuations, the facilitation of marketing agricultural and industrial produce, the protection of natural resources, and the like, the question involves less the division of function between the state and national governments than the co-ordination of the efforts of both toward the efficient prosecution of all such functions. The problem is less to maintain the independence of the two levels than to realize and to instrument their patent interdependence.²⁷

²⁶ James M. Beck, *op. cit.*, p. 218.

²⁷ Perhaps an unconscious realization of this situation is seen in the presence of state officials among the most zealous advocates of federal grants for particular purposes (cf. V. O. Key, Jr., *The Administration of Federal Grants to States* [Chicago: Public Administration Service, 1937], pp. 4-5, 178-85).

It is usually not enough in such situations that the respective chief officers of related federal and state functions know in what respects each one's work overlaps or supplements another's or that they piously espouse co-operation or even that they confer with one another. It is, of course, axiomatic that both formal and informal co-operation depend upon the agreement and approval of the ranking officers of both organizations, especially in their planning aspects. Moreover, where co-operation is limited to the avoidance of duplication and the exchange of data, as is the case with many of the activities of the state and federal experiment stations in the agricultural field, agreement between the chief administrative officers is often sufficient. However, where successful achievement of a purpose depends upon joint or complementary work at the lower administrative levels, means must be provided for facilitating contact between the men on the firing line. Sufficient authority must be devolved upon the field men so that they can not only carry out a co-operative policy as the conditions in the co-operating state require but also develop relationships leading to the expansion of co-operative effort. The policy followed in a state where patronage prevails will differ from that in a commonwealth manned by a permanent and well-managed civil service, and the opportunities before the federal official in the former state will be the greater if he is enabled within fairly broad limits to develop the co-operative relationship as fast and as far as local conditions will permit. It is proposed, therefore, that, in general, administrative decentralization is essential to the co-ordination of state and federal aspects of a function which both levels of government perform.

Adjusting national policies to local peculiarities.—Closely related to the two aspects of the need for administrative decentralization which have just been discussed is a final point dealing with the adjustment of national policy to local physical and economic peculiarities. To say that a problem is of sufficiently broad scope or is so critical as to make it of national importance is to employ a type of generalization which, though

accurate, is subject to qualification by those intrusted with transforming the resulting broad national policy into action. To establish by legislative declaration a policy in favor, for example, of soil conservation is to recognize a need which may be national both in geographical extent and in importance, but it of necessity does not recognize the "dust bowl," the corn belt, and the Great Lakes "cutover" region as such different aspects of the question that they almost constitute separate problems. The same may be said of a policy of market regulation where one center carries on such a volume of the total trading and the resulting effect of its activities upon "the market" is so great that it constitutes a problem different in almost every respect from that in the smaller center. Rivers, lakes, mountains, soil peculiarities, climatic variations, transportation facilities, types of agricultural and industrial specialization, and even social customs combine to give particular areas, whose exact boundaries may not be easily identifiable, the aspect of separate problems.²⁸

When a national policy affecting such areas is adopted, the administrators of the legislation must consider that the success of the national determination depends upon the successful adaptation of administration to the peculiarities of all these problem areas. The effectiveness of the whole plan cannot be divorced from the success or failure of its application in all the regions which make up the total problem.

Over the years a variety of proposals has been made with a view to insuring the proper adjustment of local peculiarities

²⁸ For an interesting discussion of such considerations as applied to one section of the country see Howard W. Odum, *Southern Regions* (Chapel Hill, N.C.: University of North Carolina Press, 1936); see also Howard W. Odum and Harry E. Moore, *American Regionalism* (New York: Henry Holt & Co., 1938); National Resources Committee, *Regional Factors in National Planning and Development* (Washington: Government Printing Office, 1935), and subsequent publications of the National Resources Committee and related organizations on the special problems of particular regions; cf. also the discussion of the advantages of regionalism in the A.A.A. crop-control program in *Annual Report of the Secretary of Agriculture, 1935* (Washington: Government Printing Office, 1935), pp. 6-11.

to the demands of a broad national program. Nearly thirty-five years ago Fairlie suggested that with the expansion of the powers of the Congress "the advantage of local knowledge" might be secured by "giving the state governors the power of appointing local agents of the national government."²⁹ A similar purpose has frequently been held by those seeking to promote uniform state legislation, interstate compacts, and the variety of other types of interstate co-operation symbolized in the Council of State Governments.³⁰ An outstanding contribution to the thinking in this field is the report of the Technical Committee on Regional Planning of the National Resources Committee. Their work demonstrates conclusively the importance of the local problem area, not only for planning but as well for every aspect of administration, and indicates the emergence of the problem of regionalism and decentralization at every level of government.³¹ As far as the federal level is concerned, they suggest that the importance of such considerations is apparent to ". . . anyone who has observed the over-centralization (and sometimes ineffectuality) of national government. . . ." ³² But the members of this technical committee did not look on the region merely as an administrative convenience; they take great pains to emphasize the point suggested above—that owing to the influence of a variety of environmental factors the region is distinctly a reality and that the insistent demands of these regional differences, not mere expediency, require administrative flexibility in dealing with them.³³

These examples not only indicate the attention which has been given the adjustment of national policies to local differences, but also they will support the assumption made in this

²⁹ *Op. cit.*, p. 8.

³⁰ For a treatment of these developments see W. Brooke Graves, *Uniform State Action* (Chapel Hill: University of North Carolina Press, 1934), *passim*.

³¹ National Resources Committee, *op. cit.* (cf. Parts II and III, esp. pp. 12-31).

³² *Ibid.*, p. 139.

³³ *Ibid.*, esp. pp. 138-96.

study—that administrative decentralization is essential to the solution of the problem.

THE DIFFICULTIES OBSTRUCTING ADMINISTRATIVE DECENTRALIZATION

Despite the importance of the need for decentralization in the national administrative structure, the difficulties in the way of its satisfaction are numerous and imposing. The persistence of the problem through time and its emergence today in most large organizations, both governmental and nongovernmental, strikingly indicate the influence of these obstacles. While many of these are peculiar to the functions performed by particular organizations, there are four which appear to be common to all, namely, (1) the influence of tradition and the lack of conscious adaptation to the factors of a changing environment, (2) the exigencies of central control, (3) the related question of the influence upon decentralized subdivisions of localized pressure groups, and (4) the difficulty of co-ordinating decentralized functions.

The influence of tradition.—No one who has observed the struggles throughout the past thirty years to effect a thorough reorganization of the executive branch of the federal government can fail to appreciate the importance of tradition as an obstacle to the intelligent adaptation of public administration to changes in other spheres of society.³⁴ A similar situation exists in many state and local governments.

Some students have realized the value of administrative flexibility, as the following quotation from one of the leaders in the recent effort at federal reorganization indicates: "An organization is a living and dynamic entity. Each activity is born, has its periods of experimental development, of vigorous and stable activity, and, in some cases, of decline. A principle of organization appropriate at one stage may not be appropri-

³⁴ See, e.g., the brief history of reorganization efforts in Lewis Meriam and Laurence F. Schmeckebier, *Reorganization of the National Government: What Does It Involve?* (Washington: Brookings Institution, 1939), pp. 181-224.

ate at all during a succeeding stage. . . ."³⁵ The failure of administrators to appreciate this view of organization and their reluctance to revise customary methods may be due in part, as Brooks Adams suggested a quarter of a century ago, to the intellectual isolation attendant upon specialization.³⁶ The same point was made by the regional experts of the National Resources Committee in discussing the disinclination of administrative officers, who are concerned first with questions of control, to recognize the reality of the region.³⁷

Whatever the causes of such resistance may be, its existence is a matter of concern when the conditions of government demand the flexibility of decentralization, for, as Merriam has pointed out, ". . . in the end the overcentralized system kills itself, crushed down by the impossible burdens it has tried to carry. All its good intentions will not avert catastrophe."³⁸

The requirements of central control.—Most of the advantages of establishing a national policy concerning the problems to which the federal government gives its attention are likely to be lost if the means of top control are destroyed by excessive decentralization. Yet the very idea of central control in a large organization assumes a degree of selection of the matters which are of such importance as to merit the continuous scrutiny of the chief officials.³⁹ The crux of the problem is to decide what questions shall be handled at the central office and to devise means of following the use of delegated authority so as to provide adequate uniformity without stifling initiative and flexibility on the periphery. But between the extremes of deciding

³⁵ Gulick, *op. cit.*, p. 32.

³⁶ *The Theory of Social Revolutions* (New York: Macmillan Co., 1913), chap. vi.

³⁷ National Resources Committee, *op. cit.*, p. 139.

³⁸ *Political Power*, p. 207.

³⁹ Cf. Marshall E. Dimock, *Modern Politics and Administration* (New York: American Book Co., 1937), p. 279; see also John McDiarmid, *Government Corporations and Federal Funds* (Chicago: University of Chicago Press, 1938), and Harvey Mansfield, *The Comptroller General: A Study in the Law and Practice of Financial Administration* (New Haven: Yale University Press, 1939), for the effects of misguided control in the General Accounting Office.

everything at headquarters and of leaving the field offices virtually independent there is a wide twilight zone through which a dividing line must be drawn in terms of the varying needs of each organization.

To complicate the problem further there are conditions in public administration which make its difficulties in this respect greater than those under which other organizations must operate. The public servant must guide his every action by the law as it is declared by the legislature, the courts, and such officers as the comptroller-general of the United States. Under such circumstances it is not surprising that the department head or bureau chief who will be held accountable is reluctant to have his field subordinates in a position to invite the censure of these guardians of the law. The necessity of accountability in the public service, then, involves not only maintaining a consistent administrative policy but also being legally correct.⁴⁰

The means of checking on the use of delegated authority by field subordinates fall under the two general heads of authorization in advance and review of completed action. The former includes regulations and the sanction of decisions on unusual questions not covered by regulation. The latter covers reports, accounts, audits, and the like. Where the work of the organization is capable of being reduced to measurable units, control of the second type is greatly facilitated.⁴¹ Despite these methods of control, however, and their facilitation by the use of the telephone, the telegraph, statistical machines, and personal conferences, what has been called "the general hesitancy of central administrative heads to delegate sufficient real power"⁴² is a persistent obstacle to decentralization.

Decentralization and the influence of local pressure groups.—Where considerable authority is devolved upon field officials,

⁴⁰ Dimock, *op. cit.*, pp. 252 ff.

⁴¹ See the series of articles by Clarence E. Ridley and Herbert A. Simon in *Public Management* (Vols. XIX and XX [February, 1937—February, 1938]) for a discussion of measurement in municipal government.

⁴² Gulick, *op. cit.*, p. 30.

there is always the danger—accentuated when central control is weak—that policy will be unduly influenced by those private individuals and groups who are in closer and more intimate contact with the field than are the superior officers. Such danger comes not only from localized groups but also from the local representatives of the more powerful national groups.

While on first thought one may question whether pressures would be any more effective in the field than at headquarters, further examination suggests this possibility. Field officers, even when they have considerable authority, are subordinates and are usually paid on that assumption. Moreover, the prestige of any localized official is likely to be less than that of a man whose responsibility covers a larger territory.⁴³ For these reasons field officers—with many personal exceptions, of course—may be considered less well placed to resist pressure or influence, particularly when it takes the more subtle forms of flattery, extreme deference, personal assistance, and social favors.

The consequences of successful pressure upon the units of a decentralized system as compared with similar influence upon a central office may also be more serious. While the modification of a national administrative policy to suit the wishes of an organized group may limit the effectiveness of a program, it will, at least, probably not destroy desirable geographical uniformity. Moreover, if the group is really representative of a large segment of opinion in the country, such influence may even be desirable.⁴⁴ Localized influence, however, if carried to any great lengths, is likely to beget such differences of policy between field offices that national policy will be a fiction.

While these considerations refer to possibilities rather than to any specific cases known to the author, it is nonetheless true that they constitute a sizable difficulty in the way of efforts for decentralization. They are probably not in themselves sufficient cause for embracing a centralized system, but they do demand the exercise of ingenuity in developing safeguards for

⁴³ *Ibid.*

⁴⁴ Herring, *op. cit.*, pp. 17-43.

decentralization through control mechanisms, positive personnel work, personal conferences with superior officers, and the like.

Co-ordinating decentralized units.—In any large organization the equitable balancing of all divisions of the enterprise in such a way that the whole will operate as a unit becomes the central concern of administration. Means must be provided, at one or more points in the hierarchy, of reviewing the range of activities performed, of avoiding or eliminating conflicts of policy or procedure, and of facilitating the harmonious meshing of all elements in the large program. This co-ordination can be achieved in a centralized organization covering a small area, where the responsible division heads are in frequent contact with one another and their superior officer and where the evidences of conflict can be readily noticed. When the element of physical isolation is injected, however, the problem is seriously complicated,⁴⁵ especially if any considerable amount of authority is devolved upon field officers. Contradiction and duplication may become so general that the semblance of a nation-wide policy will be destroyed, and the evidences of such lack of co-ordination may be slow to appear to the central authorities. Where the subdivisions of the organization are made in terms of problem areas which are not uniform either in size or in location of their field headquarters, the likelihood of such developments is even greater.

Under such circumstances central co-ordination must be maintained, and authority can be delegated to the field only in such matters as will permit no conflict with other units or only to the extent that means can be developed for assuring adequate co-ordinating authority in the field. The latter may be attempted by having the functional or process services, like personnel, report and adjust conflicts affecting their particular duties, by providing a standardized procedure for appeals from the decisions made by field officers, by standardizing jurisdictional boundaries and limiting the number of headquarters

⁴⁵ Gulick, *op. cit.*, pp. 30-34.

cities,⁴⁶ by providing for regional and local co-ordinating committees of an informal sort, or by delineating co-ordinating regions headed by a regional co-ordinator with authority to promote co-operation and eliminate conflicts. Other devices or combinations of these devices may be employed. The fact that each of these has its shortcomings further emphasizes the co-ordination problems presented by the decentralization of administration. The regional co-ordinator, for example, may subvert the principle of unity of command.

THE ASSETS AND LIABILITIES OF DECENTRALIZATION

While the above discussion covers the major reasons for pursuing a policy of administrative decentralization and indicates the principal difficulties presented, it is appropriate to point out briefly its possible advantages and disadvantages, by way both of a summary and of an addition of other points which, though not of primary importance, are nevertheless a part of the problem.

Administrative decentralization can be expected to facilitate popular control and participation, as has been argued above. Particularly where a national policy intimately affects the lives of a large number of people, the executors will also be in contact with the demands of those affected. Moreover, freedom from restrictive rulings by a central authority will permit a degree of flexibility in the application of legal favors and restraints, and it should foster a spirit of healthy experimentation. The greater discretionary authority of field officials and their more vigorous representation of local needs at the central headquarters should result in the adaptation of national aims to peculiar local conditions

At the same time, decentralization in federal administration should, as has been noted before, promote the effective co-operation of all three governmental levels in the prosecution of

⁴⁶ See National Resources Committee, *op. cit.*, pp. 71-82, and James W. Fesler, "Standardization of Administrative Regions," *Social Forces*, XV (October, 1936), 12-21.

interrelated or interdependent functions. Close personal contact combined with the freedom to improvise should do much to eliminate artificial barriers among the various jurisdictions. Also, if decentralization can be applied to a majority of departments or functions in the national government, all those activities related to a particular problem area can be co-ordinated in the field.⁴⁷

There is the further possible advantage of eliminating various types of delay and red tape by doing away with the requirement of frequent reference to central authorities before action can be taken in the field. Similarly, such provisions would relieve the congestion of work at the central point and, by cutting down the amount of detailed work, would tend to emphasize planning and policy activities at the top of the hierarchy. Moreover, where the capital is crowded with people and lack of office space has become a serious problem, decentralization will allow them to be moved to points where physical congestion is not so serious.⁴⁸ Further, where responsible officials are located in or close to the objects of administration, travel costs and similar expenses could be greatly reduced.

Finally, it should be pointed out that decentralization affords an opportunity to improve the morale of a large section of the civil service by breaking down the sharp distinction which tends to develop between the departmental service and the much larger field staff. Real decentralization, as Gulick has suggested,⁴⁹ necessitates the delegation of a large amount of discretionary authority, and this in turn increases the opportunities for initiative and responsibility in the field. Such developments would inevitably increase the prestige and morale of all those located outside of the capital.

⁴⁷ Whether this will be desirable or not will, of course, depend on the possibility of reconciling it with the necessity for central co-ordination.

⁴⁸ This is a frequent argument; see, e.g., the editorial in the *Chicago Daily News*, January 31, 1939, suggesting that the problem of housing those working on the decennial census could be solved by locating them in Chicago, near the center of population and in a city where office space is plentiful.

⁴⁹ *Op. cit.*, p. 30.

The primary disadvantage of decentralization, as noted above, is the increased difficulty of maintaining a nation-wide policy—of preserving the uniformity necessary to the effective administration of a policy affecting the country as a whole. Central control may be so weak that a program may differ seriously in its execution from the purposes it was intended to achieve, and co-ordination of geographical subdivisions may be so far handicapped as to invite duplication or even contradictory policy.

Moreover, where the outlook of officials becomes localized, it is not unlikely that their management policies will be short-sighted as far as the national welfare is concerned. This, of course, is a possibility inherent in any plan of geographical subdivision, but it is far more serious where authority is decentralized as well. Further, where an administrative structure is made up of a number of small geographical units, it is possible that their size may prevent their making full use of the technical services and the high degree of specialization which promote efficiency in larger, centralized organizations.⁵⁰

Since a decentralized system requires a high degree of competence on the part of the principal supervisory officials in the field, it is likely that the establishment of such a system will increase the costs of supervisory personnel. The need of this type of man in these positions, combined with the limited prestige enjoyed by local officials and their possible susceptibility to local pressures, as we have already indicated, presents a personnel problem which may discredit efforts toward decentralization. There is the further objection that freedom of field officials from central restraints will invite a variety of local abuses in such matters as purchasing, recruitment, and promotion which will at best present a difficult problem and at worst render the system unworkable.

⁵⁰ It should be noted here that all the disadvantages so far mentioned will be enhanced as the physical separation of the field office from the central authority is increased. Thus, they are more serious in the national service than they would be in a city or in some of the states.

Finally, it can be argued that the problem of delimiting geographical jurisdictions presents such obstacles as to restrict seriously the possibilities of decentralization. Areas which are established for one function will differ considerably from those required for the administration of another program. Those activities which rely heavily upon co-operation with the states, for example, may have to use the state lines for their boundaries, while those projects which can be carried on independently by the federal authorities and whose problems cannot be confined within political boundaries may require a totally different type of area. Yet co-ordinated planning and policy formation may necessitate uniformity of geographical subdivision. Under such circumstances decentralization may have to be confined within a very limited sphere.⁵¹

This summary of assets and liabilities of a policy of administrative decentralization indicates that it is one which must be adopted with considerable caution. Its hazards may be as great as those associated with its opposite. It appears likely, moreover, that an administrative organization in action will present some of the characteristics of both tendencies and that, as both are to be regarded not as ends but merely as means to the end of efficient administration, both should be present in any organization in such proportions as will assure a minimum of inefficiency.

⁵¹ Cf. Fesler, *loc. cit.*

CHAPTER II

THE FORMS AND ORGANIZATION OF DECENTRALIZATION

IN GENERAL, the relationship which is here dealt with involves three factors—a central office, one or more field offices, and some sort of connecting mechanism. Variations in the third element constitute a distinguishing factor. These variations may be usefully divided into classes: (1) those which involve an officer in the field with general organization-wide co-ordinating and directing authority, reporting to the central office, to whom all the field offices in a given area report; (2) those using no such officer, the field men reporting directly to the heads of their divisions in the central office, where the formal primary co-ordination mechanism is located. W. F. Willoughby refers to these as “unitary” and “multiple” overhead direction,¹ respectively. For purposes of convenient reference his terms will be employed here.

The unitary type itself may vary somewhat from one organization to another. For example, the principal general field officer may report directly to all the division chiefs located in the central office, the one selected in any given instance depending upon the nature of the matter to be determined. In this case he may be either subordinate or equal in rank to the men to whom he reports. Or the field co-ordinator may report to a chief of the field service in the central office who ranks with the other division chiefs. Under these conditions the field man in charge may be expected to be of lower rank than any division chief and to have proportionately less authority. Rarely does the principal field officer report directly to the chief executive of the organization, although this may be the case in a

¹ *Principles of Public Administration* (Washington: Brookings Institution, 1927), pp. 155-59.

small organization performing a single, definitely limited function. Here the field officer will be expected to rank above the division chiefs in the central office.

It is unusual to find the unitary type of field direction employed for an entire organization such as a department of the national government. Thus, there is no assistant secretary of agriculture for the Middle West. The tremendous variety of technical functions performed within these structures usually forbids such a plan. The form is quite common, however, in bureau organization, particularly where the unit is not performing a large number of duties, and it is the usual plan in divisional organization.

The multiple type of overhead direction is not subject to much variation, as it involves merely a projection of the central-office organization into the field. The "connecting mechanism" in this case usually involves only reports of various kinds, conferences between field officers and division chiefs, either in the field or at headquarters, and the like.² Under this type the various field officers are uniformly subordinates of the division chiefs to whom they report. As might be suspected, this form is usual for large organizations engaged in a diversity of activities, typically the government departments. Since each function or group of functions involves a specialized activity of some technical difficulty often covering a different problem area from any other, the use of the other plan would involve a duplication in the field co-ordinating office of all the facilities of the central office.

While the multiple plan is, therefore, as a rule the only feasible one for an entire department, it may be modified somewhat by the use of an informal co-ordinating mechanism in the field not indicated in the organization chart. For example, an officer may be employed in the field without authority to direct the activities of any of the units located there who will attempt to facilitate contacts between responsible field officers by arranging conferences, by acting as a clearing house

² See the discussion (*infra*, pp. 23-24) of the inspectorate.

for information, or by performing some service function such as handling public relations work, serving as a sort of "administrative catalyst."³ Similarly, one or more of the auxiliary staff services—such as law, finance, or personnel—may perform these duties for specified types of problems within their competence. The same purpose may be served by committees or clubs made up entirely of responsible field officers who meet without the aid of an administrative catalyst to discuss matters of mutual concern.⁴ These may be specifically authorized by law or administrative direction, or they may be spontaneous developments initiated wholly by the field officers.

The multiple type of overhead direction may also be found in bureau and divisional organizations. It occurs usually where the unit performs such a wide variety of technical operations or where its constituent activities cover geographical areas of such different size that its problems of organization are similar to those of the department. Informal co-ordinating mechanisms such as those discussed in connection with department organization may be used in such cases also.

An individual type of connecting mechanism which deserves separate discussion, both because of its importance and because it is used with both types of overhead direction, is the inspectorate. This device involves a corps of traveling inspectors reporting to the head office (either to the chief executive or to the division chiefs), who go from one field office to another in the organization performing a sort of administrative audit in each. The scope and intensity of this audit vary with the organization in which the device is used, as does the authority of the inspector. As a rule, these men can only make suggestions to the field officers, leaving to the chief executive or division chief the responsibility for ordering changes on the

³ The National Emergency Council's state offices were designed partly to perform this function, as were the Federal Co-ordinating Service's areal co-ordinators (cf. *infra*, pp. 26-27, and chap. viii).

⁴ This description applies somewhat to the federal business associations since the abolition of the Federal Co-ordinating Service and completely to the United States Department of Agriculture Club (cf. *infra*, chap. viii).

strength of the inspector's report. In addition, these men may perform other very valuable co-ordinating functions by keeping the field men informed of developments in other districts.⁵

It should be pointed out in conclusion that these classifications of the relationships existing between central and field offices in administrative organizations are, at best, generalizations from an almost infinite number of variations. It is not difficult to see two or three fairly well-defined types, but it is not always easy to state definitely that any organization clearly conforms to any one type. Thus, in an organization which on the surface appears to be of the unitary type the subordinates in the field office may deal formally through the chief field officer, but on technical matters they may consult directly with division chiefs in the central office. It is difficult to determine whether, and if so when, such consultation amounts to direction on the part of the central official and thus whether it constitutes a new combination of both types of direction.⁶ An awareness of these possible modifications is desirable, but any further elaboration of them would serve only to confuse the point—namely, that when used with caution these classifications are a useful method of talking about the relationships in question.

TRENDS IN FEDERAL ADMINISTRATIVE DECENTRALIZATION

This welter of relationships has not, so far as public administration is concerned, developed merely on paper but has rather resulted from the efforts of various governmental units to solve

⁵ Cf. Paak Shing Wu, "The Federal Inspectorate: A Study in Federal Aid Administration" (unpublished Ph.D. dissertation, Department of Political Science, University of Chicago, 1930); May H. Dhonau, *Decentralization in Government Departments* (London: Institute of Public Administration, 1938); Carroll K. Shaw, *Administrative Control of Field Services in the United States Treasury Department* (abstract of Ph.D. dissertation, University of Illinois, Urbana, 1933); and V. O. Key, Jr., *The Administration of Federal Grants to States* (Chicago: Public Administration Service, 1937), pp. 215-28.

⁶ For an indication that this situation exists regarding the regional directors of the Social Security Board, see Key, *op. cit.*, p. 219.

their organization problems. From them one might by prolonged and painstaking research determine the extent to which decentralization is taking place in the federal administrative structure. While such an analysis is obviously beyond the scope of the present study, it may be useful to note certain understanding efforts of recent date in this direction.

The interest of the National Resources Committee in this problem, as evidenced particularly in their report on regionalism, has already been mentioned.⁷ It will suffice here to say, therefore, that the Committee's interest in one of the crucial phases of the centralization-decentralization problem is an important indication of (and influence upon) official thinking on the subject. As such it is as significant as the actual experiments with decentralized administration. Of similar tangential importance is the employment by the Department of Agriculture and the Agricultural Adjustment Administration of the county associations for program-planning under the soil-conservation and crop-control projects, although it is less a part of the administrative structure per se than the field offices and hence will not be discussed in detail here.⁸

Shortly after the war of 1914-18 a step was taken in the national administration which gave promise of facilitating decentralization throughout the federal service. This was the establishment of the Federal Co-ordinating Service by President Harding in 1921.⁹ The service consisted of a chief co-ordinator responsible to the director of the budget and, as far as the field service was concerned, of a group of area co-ordinators and of a larger number of federal business associations. The latter were made up of one representative from each activity located

⁷ Cf. *supra*, chap. i, p. 11.

⁸ For discussions of these programs see *Annual Report of the Secretary of Agriculture, 1934* (Washington: Government Printing Office, 1934), pp. 8 ff.; National Resources Committee, *Regional Factors in National Planning and Development* (Washington: Government Printing Office, 1935), pp. 78-79; and Albert Lepawsky, "The Farmer Practices Public Administration," *National Municipal Review*, XXVII, No. 10 (October, 1938), 485-89.

⁹ Executive Order No. 3578, November 8, 1921.

in the city or county in which the association was established. While the Co-ordinating Service was intended to assist the president in the broad aspects of co-ordination and the terms of its establishment so proclaimed, it never accomplished more than the facilitation of personal acquaintance of federal officers in the field and the effectuation of a number of minor economies in the use of surplus property, government-owned transportation facilities, office space, and the like. This situation resulted partly from executive neglect, partly from the location of the service in the Bureau of the Budget, and partly from other weaknesses in organization and staffing. The languishing service was abolished in 1933,¹⁰ and the business associations were transferred to the Procurement Division of the Treasury Department. These groups, intended to effect co-ordination through co-operation, now do little more than give clearance on office space to agencies preparing to locate in the Association's area and arrange the loan of surplus motor vehicles to the post office during the Christmas rush. The Co-ordinating Service and its vestiges thus constitute a complete failure in the eyes of those who held a broader conception of co-ordination than the facilitation of minor economies.¹¹

Another attempt in the direction of general co-ordination which could foster decentralization was the establishment in 1933 of the National Emergency Council,¹² now known as the Office of Government Reports.¹³ One of the functions of this agency is to co-ordinate the work of the federal field agencies. To carry out its responsibilities in this respect the Council has appointed representatives in each state whose duties

¹⁰ Executive Order No. 6166, June 10, 1933.

¹¹ This material has been taken from James W. Fesler, "Executive Management and the Federal Field Service," in the President's Committee on Administrative Management, *Studies on Administrative Management in the Government of the United States*, No. IV (Washington: Government Printing Office, 1937), pp. 27-46; for a discussion of the Federal Business Association in Chicago, see *infra*, chap. viii.

¹² Executive Order No. 6433-A, November 17, 1933.

¹³ See *Reorganization Plan No. 2: House Document No. 288* (76th Cong., 1st sess. [Washington: Government Printing Office, 1939]).

are (1) to supply information to the public, (2) to facilitate co-operation among field agencies, (3) to foster contacts between state officials and the field offices, and (4) to report to Washington on the work of field offices. For the present purposes the second and third functions are of most importance. Under the former heading the chief activity has been the sponsoring of periodic, ostensibly semiannual, meetings of the principal officers of each federal activity in the state, at which each unit reports on its activities since the last meeting. While these have a certain informational value and may assist in bringing officials into a personal contact with one another which they otherwise would not have, they have accomplished little else. The programs have been handicapped by a failure adequately to relate the reports and discussions to the concrete problems of the individual field officers, and, in addition, they have been limited by the obstacles of variety in the field organization of the various activities, of lack of uniformity in the location of field headquarters, and of the political positions of the state directors. Similar difficulties, including the lack of technical competence on the part of the Council's state representatives, have confined the state-federal liaison work to a limited field. These conditions, therefore, warrant the suspicion that the present field organization of the Council is of little value for co-ordination and, as a result, for the facilitation of decentralization.¹⁴

Turning now to some of the individual federal departments and offices, we may note that the organization of several units of the Treasury Department indicates a concern with the problem of decentralization. Outstanding among these is the Bureau of Internal Revenue, whose tremendous responsibilities have forced it to initiate various decentralizing measures. These can be described briefly. The central office includes three divisions concerned with the administration of particular

¹⁴ For these observations on the National Emergency Council the author is again indebted to Fesler's study for the President's Committee on Administrative Management, cited *supra*, p. 26. The Council's activities in Illinois are discussed in chap. viii.

taxes; a fourth is concerned primarily with the organization and management of the collectors' offices and their forces, plus some responsibility for administering the tax provisions of the Social Security Act; the fifth unit comprises the office of the Collector of Internal Revenue and various investigational and administrative divisions reporting directly to him.

The field service is made up of three major branches and five minor branches, the latter supervised directly from Washington. The first major unit is made up of the sixty-four districts of the Collection Service; the second is the Field Audit Service, whose thirty-eight supervisory districts are concerned with auditing various tax returns, particularly those for the income and estate taxes; and the third is the Alcohol Tax Field Service—comprising fifteen supervisory districts—which performs a similar function for the alcohol tax.¹⁵ Each of these is headed by a single officer reporting to one of the several central divisions. Three of the five minor branches constitute an inspectorate supervising the major branches, and the other two perform investigational and adjustment work. All these are traveling forces operating out of the Washington divisions.¹⁶

While the structure of the Bureau's organization has not been changed materially in recent years, the objective at which the Bureau has aimed for the past several years has been an increase in the co-operation between Washington and the field and a consequent increase in the speed of handling tax disputes in the field with a minimum of trouble to the taxpayer.¹⁷ One

¹⁵ This unit was set up in 1935 following the transfer by the President in 1933 of the functions of the Bureau of Industrial Alcohol to the Bureau of Internal Revenue (see Executive Order No. 6166, June 10, 1933, and *Hearings before the Subcommittee of the Committee on Appropriations, of the House of Representatives, Treasury Department Appropriation Bill for 1936* [74th Cong., 1st sess. (Washington: Government Printing Office, 1935)], p. 153).

¹⁶ For the organization of the Bureau see *Hearings before the Subcommittee of the Committee on Appropriations of the House of Representatives, Treasury Department Appropriation Bill for 1940* (76th Cong., 1st sess. [Washington: Government Printing Office, 1939]), pp. 956-59; Shaw, *op. cit.*, pp. 6-10 and *passim*.

¹⁷ U.S. Treasury Department, *Annual Report of the Commissioner of Internal Revenue, 1937* (Washington: Government Printing Office, 1937), pp. 15-16 and 35-38.

of the first steps was the transfer of the audit of social-security tax returns under Title VIII of the Social Security Act from Washington to the collectors' offices.¹⁸ The present policy regarding the income tax has been described by the assistant to the commissioner of internal revenue as "one designed to place nearer to the taxpayer's place of business a force of agents and representatives of the Bureau capable of disposing of the most technical problems that arise in connection with our administration of the tax."¹⁹ The Bureau plans to transfer a total of five hundred and fifty-eight employees—lawyers and income-tax experts—from Washington to ten major field divisions with numerous branch offices.²⁰

The Bureau frankly admits that there will be some additional expense consequent to this plan, owing chiefly to the necessity for renting additional quarters, but it feels that in the long run economy and efficiency will be promoted. The assistant to the commissioner of internal revenue has explained the Bureau's policy as follows:

While we do have and will have this additional expenditure . . . , we anticipate that there will be a very substantial economy in time, due to the fact that we are closer to the taxpayer, and it will require fewer conferences to dispose of his case. . . . We have to deal with approximately 5 per cent of the taxpayers whose returns upon examination disclose deficiencies and who protest the agent's action right up to the point of a suit or an appeal to the Board of Tax Appeals. . . . The cases of that 5 per cent . . . involve a lot of money in taxes.²¹

The recent establishment of the Disbursement Division of the Office of Accounts and Deposits in the Treasury Department²² involves another interesting development in the direction of decentralization. The division, which performs the disbursement function for all agencies of the government except-

¹⁸ *Hearings . . . , House of Representatives, Treasury Department Appropriation Bill for 1939* (75th Cong., 3d sess. [Washington: Government Printing Office, 1938]), p. 2.

¹⁹ *Hearings . . . , House of Representatives, Treasury Department Appropriation Bill for 1940*, p. 1001.

²⁰ *Ibid.*

²¹ *Ibid.*, p. 1002.

²² Executive Order No. 6166, June 10, 1933.

ing the army, the navy, Panama Canal, rivers and harbors, and the post office, has decentralized the certification and payment of field pay rolls through nineteen regional disbursement offices. This action, plus the disbursement of relief through fifty-five additional field offices, has relieved the Washington office of considerable congestion and has increased the speed of making payments.²³ In addition, the Division has a staff of inspectors traveling through the states performing administrative audits in the state and regional disbursement offices.²⁴ A similar development has occurred in the Supply Branch of the Procurement Division, whose forty-seven field offices have done all the purchasing for the Works Progress Administration, the Farm Security Administration, and other activities operating under emergency relief funds.²⁵

These examples are evidence of an apparent interest on the part of the Treasury officials in the value of decentralization, and, while they may not indicate a long-time trend, they are at least important developments in themselves.²⁶

The Farm Credit Administration, until recently an independent agency, was created by the consolidation of six agricultural credit activities.²⁷ It has decentralized much of its work. A survey of its organization characterized it in the following terms:

. . . . The Washington office of the Farm Credit Administration does not constitute the "head office" in the accepted sense of the term.

²³ *Hearings , House of Representatives, Treasury Department Appropriation Bill for 1936*, pp. 2, 22, 164-68, and 362.

²⁴ *Hearings , House of Representatives, Treasury Department Appropriation Bill for 1940*, p. 221.

²⁵ *Ibid.*, p. 1234.

²⁶ In this connection it is interesting to note that when it was proposed in 1932 to do away with the comptroller of customs—an auditing officer in the collection districts—it was opposed by the Bureau and the Treasury Department as an interference with the essential independence of the field unit (Shaw, *op. cit.*, p. 5).

²⁷ Executive Order No. 6184, March 27, 1933. For order transferring it to the Department of Agriculture see *Reorganization Plan No. 1: House Document No. 262* (76th Cong., 1st sess. [Washington: Government Printing Office, 1939]).

. . . Its function is to supervise and co-ordinate, with the exercise of a minimum of restraint and control, the activities of twelve regional offices, each of which, within a specified territory, handles the extension of four types of agricultural credit. . . .²⁸

Co-ordination of policy in each region is achieved by having a single board of directors in each, and co-ordination of activities and avoidance of duplication are effected through an executive officer in each district nominated by the governor of the Farm Credit Administration and appointed by the district board of directors.²⁹

The Tennessee Valley Authority has been so frequently discussed in terms of an experiment in the public ownership of power-production facilities and of its importance as an instance of the use of the corporate device by the federal government that its significance as an outstanding example of decentralization may be forgotten. The Authority represents a horizontal co-ordination of authority with an entire watershed as a territorial unit for power production, flood control, land-use planning, and social and economic planning.³⁰ Instead of assigning these functions to the War Department, the Department of Agriculture, and other units whose activities are nation wide, trusting to the customary co-ordinative mechanisms to assure uniform development, the primary responsibility for these duties in the region was devolved upon the Authority. In this capacity it has co-operated with and co-ordinated the activities of a large number of federal agencies in the area.³¹

The importance of the Tennessee Valley Authority in the present context, however, is not limited to its position in the

²⁸ Ernest B. Price, "Exploratory Study of the Farm Credit Administration" (unpublished manuscript, Brookings Institution, Washington, 1934), Part III, p. 2.

²⁹ *First Annual Report of the Farm Credit Administration, 1933* (Washington: Government Printing Office, 1934), p. 5.

³⁰ For the shortcomings of the watershed as a unit for a multiplicity of functions see the discussion in National Resources Committee, *op. cit.*, pp. 86-87, 111-13.

³¹ *Ibid.*, pp. 98-107, see also Leonard D. White, *Introduction to the Study of Public Administration* (rev. ed.; New York: Macmillan Co., 1939), p. 103.

national administrative structure. There are also interesting evidences of decentralization in planning and execution within the Authority itself. Fesler has reported that "the Authority has discovered that centralization at Knoxville of administration for an area of over 40,000 square miles is no more desirable than is centralization of national administration at Washington." He goes on to report that the plan is to set up three areas within the T.V.A. in each of which will be located a regional co-ordinator.³² Moreover, in its dealings with state and local agencies and groups the Authority has shown an awareness of the desirability of adapting its work to the local variations within the valley. It has stated its position in the following words: "In its work T.V.A. has endeavored to fit into the existing structure of Federal, State, and local government. It has considered its operations as a new opportunity for Federal co-operation with local agencies and institutions."³³ The variety of the Authority's formal and informal relationships with the secondary governments of the area extends from the state capitals and the universities to the county soil-conservation associations.³⁴ In planning, for example, it maintains intimate contact with local officials on such matters as highway location, water supply, public building construction, and education. These contacts may be tenuous, but they are important, nevertheless. For instance, in the matter of improving agricultural practices—a critical part of the soil-erosion and flood-control programs—the T.V.A. must elicit the voluntary co-operation of numbers of individual farmers. For this purpose the Authority aided in the formation of the county soil-conservation associations, but it exercises no control over them.

³² Fesler, *op. cit.*, pp. 41-42. For a suggestive discussion of the organizational problems of the T.V.A. see *Hearings before the Joint Committee on the Investigation of the Tennessee Valley Authority* (14 parts) (75th Cong., 3d sess. [Washington: Government Printing Office, 1939]), esp. Part I, pp. 111-13 and *passim*.

³³ *Annual Report of the Tennessee Valley Authority, 1937* (Washington: Government Printing Office, 1937), p. 54 (cf. *ibid.*, 1938, pp. 37-47).

³⁴ These contacts are discussed in National Resources Committee, *op. cit.*, pp. 98-107.

Members select those of their number who are to act as "demonstrators" of the improved practices, and the farmer works on his own problems before advice is offered by the county agent—the only contact between the Authority and the associations. T.V.A. accomplishes its objective and "the idea of active participation in the program of T.V.A. is thus emphasized."³⁵

The recently established Social Security Board presents another interesting example of the recognition of the importance of decentralization. Briefly, the field organization of the Board's activities comprises twelve regional and two territorial offices, headed by regional directors who are responsible directly to the executive director. These offices include representatives of each of the bureaus of the Washington organization. The purpose of the regional centers is to provide services to the co-operating states, co-ordinate the activities of the Board within the area, and supply information to persons affected by the Act. In addition to the twelve regional offices, there are a number of field offices dealing primarily with the administration of old age benefits.³⁶ These are under the general supervision and direction of the regional offices.

Since the old age benefit program is the only part of the Social Security Act which is wholly administered by the federal government and thus is the only one which brings the Board in contact with millions of individual citizens, it was this section of the law that presented the greatest organization problem. "It was recognized from the start that in a program of such magnitude effective administration would require decentralization."³⁷ Accordingly, the Board initiated a series of studies of such factors as population densities, industrial concentrations,

³⁵ E. S. Wengert, "T.V.A. Enlists Local Co-operation," *Public Opinion Quarterly*, I (April, 1937), 97-101.

³⁶ By October 31, 1938, these numbered three hundred and sixteen and the Board plans to add to that number until it approximates four hundred (*Third Annual Report of the Social Security Board, 1938* [Washington: Government Printing Office, 1938], p. 134).

³⁷ *First Annual Report of the Social Security Board, 1936* (Washington: Government Printing Office, 1936), p. 21.

homogeneity of peoples, transportation facilities, location of co-operating agencies, and the like, and on the basis of these surveys the plan of field organization was set up.³⁸

The effort of the Board has thus been to decentralize and to bring its activities into close contact with both the co-operating state organizations and the general public. That it has not been completely successful is indicated by a recent study in which it is stated that there is "practically no devolution of authority to the regional offices of the Social Security Board" and that the position of the regional director is rendered unduly ambiguous by the ill-defined allegiance which the members of the regional staff owe to their respective bureaus in Washington.³⁹

While it is not intended that the above discussion of decentralized units in various agencies of the federal government should indicate any conclusions as to the existence of a general trend in that direction, these examples are at least sufficiently numerous to indicate that the needs of decentralization are making themselves felt at several points in the upper ranks of the administrative hierarchy.

SUMMARY

While administration of necessity cannot play the principal role in the maintenance of political stability, its contribution to that situation cannot safely be ignored. Moreover, if administration is to assist adequately in the adjustment of state activity to the needs of one hundred and thirty million people of varying outlook and tradition, spread over half a continent—i.e., if it is to be efficient—increasing attention must be given

³⁸ *Ibid.*

³⁹ Key, *op. cit.*, pp. 219, 225. Adding to the number of agencies which have recognized the desirability of decentralizing their operations, the Wages and Hours Administration of the United States Department of Labor recently announced a set of revised regulations designed to increase the discretion of field officers. Local solutions will be permitted where there is no deliberate attempt to avoid the act, and field representatives will be authorized to decide when civil action should be taken against a violator (*New York Times*, December 6, 1939, p. 20).

to the need for decentralization. The assurance of popular control and participation in the administrative process, the facilitation of a desirable degree of co-operation among the various levels of government in matters which no one of them independently can satisfactorily treat, and the adjustment of broad national policies to the peculiarities of particular problem areas depend upon administrative decentralization in the federal government for their achievement.

This policy, however, cannot be applied without discrimination. Against the advantages of a decentralized structure must be weighed the difficulties raised by the necessity of maintaining adequate central control, the obstacles to proper co-ordination of decentralized functions, and the danger of improper influence by pressure groups upon field offices. Under these circumstances a reconciliation of the conflicting demands of centralization and decentralization can be achieved only by a flexible policy, adjustable to the changing factors in a dynamic society. The variety of general headquarters-field relationships which have been employed in public administration indicates that prescription for any organization must be based upon the detailed analysis of its particular problems.

The chapters which follow will attempt to indicate, for a selected group of field offices of the United States Department of Agriculture located in Chicago, the relation they bear to the economic and geographical peculiarities of this region, the ways in which the advantages and difficulties of decentralization have appeared in their organization, and some means by which those advantages might be more satisfactorily secured and by which those difficulties might be more effectively overcome.

CHAPTER III

THE ORGANIZATION OF THE DEPARTMENT OF AGRICULTURE AND ITS ACTIVITIES IN CHICAGO

THE problems confronting an administrative unit cannot be adequately understood without some knowledge of the functions which that unit is intended to perform and of the circumstances in which it operates. The latter include not only the physical and human environment on which the unit acts but also the place of the unit in the larger organization of which it is a part and the influence upon it of phases in the growth of the whole organization. To provide this setting for the offices which have been the particular concern of this study, this chapter will present an analysis of the growth of field organization in the Department of Agriculture and of the present organization of the Department, a discussion of those aspects of Chicago and its hinterland which are of importance in the Department's operations, and a description of the functions performed by the field offices which this study has analyzed.

THE CHANGING RELATIVE IMPORTANCE OF FIELD ORGANIZATION

Problems of organizing, co-ordinating, and controlling field forces are fairly recent in the history of the Department of Agriculture. Only as its activities have expanded into the arena of active promotion and control of agricultural production and marketing have such issues been of importance. In the first twenty-odd years of its development the Department was almost exclusively concerned with research and reporting. The basic pattern of the institution's work and organization was

not materially different from that of the small unit of the Patent Office from which it grew.¹

During the twenty years following the establishment of the Bureau of Animal Industry by Congress in 1884² occurred the early developments of the Department away from the sole function of investigation, introducing the necessity of maintaining supervision over a considerably larger force in the field. During that period it assumed control over the agricultural experiment stations, the weather-forecasting service, and the Forest Service, and it began administering the first meat-inspection law. These were only beginnings, however, for even in 1905 only two bureaus had an extensive field service.³

In the seven-year period 1906-12 the addition of duties involving typical problems of field organization continued. A considerable increase occurred in 1906 with the passage of the Meat Inspection Act⁴ and the Food and Drugs Act.⁵ The former of these resulted in part from the ineffectiveness of co-operation with local inspectors and involved a sizable increase in the force outside of Washington.⁶ The Food and Drugs Act produced a similar result, although it was not until 1913 that the bad effects of centralized organization forced the division of the country into three districts, each headed by a single official, and the devolution of a larger share of the regulatory activity upon the field.⁷ Adoption in 1912 of the Plant Quarantine Act⁸ and the Federal Seed Act⁹ presented organization

¹ Charles H. Greathouse, *Historical Sketch of the U.S. Department of Agriculture* (Washington: Government Printing Office, 1907), pp. 9-17.

² 23 Stat. 31.

³ John A. Fairlie, *The National Administration of the United States of America* (New York: Macmillan Co., 1905), p. 223.

⁴ 34 Stat. 674.

⁵ 34 Stat. 669.

⁶ By 1907 there was inspection in 708 establishments in 186 cities, assisted by laboratories in 6 cities (*Annual Reports of the U.S. Department of Agriculture, 1907* [Washington: Government Printing Office, 1907], pp. 198-99, 226).

⁷ *Annual Reports of the U.S. Department of Agriculture, 1914*, p. 166.

⁸ 37 Stat. 315.

⁹ 37 Stat. 506.

problems similar to those of the meat-inspection and pure-food work.

Since the year 1913 the Department has been squarely faced with the problem of managing a large number of distant offices. Its duties and the number of its employees continued to increase, but a sufficiently large percentage of its work was carried on in the field to give it the appearance of an organization of which geographical dispersion was characteristic. In 1914 the Cotton Futures Act¹⁰ and the Agricultural Extension Act¹¹ were given to the Department to enforce. In 1915 the Bureau of Markets began the development of the market-news work which, together with the inspection services set up during the World War and later, today consists of a vast network of field offices joined by telegraph wires. The field forces were increased in 1916 by the passage of the Warehouse Act¹² and the Grain Standards Act.¹³ In order to provide closer contact with the work of supervision, inspection, and grading under the latter law, a general field headquarters for the entire country was established in 1919 in Chicago—within one night's travel from most of the great grain markets of the country.¹⁴ In 1918 the food and drug enforcement was further reorganized by subdividing the three districts into stations, each station headed by a single official responsible to the district chief.¹⁵

Following the stimulus offered by emergency activities, the Department was called upon shortly after the war to execute a number of new regulatory laws involving additions to the field forces. The most important of these were the Packers and Stockyards Act,¹⁶ passed in 1921, and the Grain Futures Act of 1922.¹⁷

In 1923 the multiplication of functions and the problems of supervision and co-ordination necessitated a new plan of or-

¹⁰ 38 Stat. 693.

¹¹ 39 Stat. 486.

¹² 38 Stat. 372.

¹³ 39 Stat. 482.

¹⁴ *Annual Reports of the U.S. Department of Agriculture*, 1919, p. 456.

¹⁵ *Annual Reports of the U.S. Department of Agriculture*, 1918, p. 201.

¹⁶ 42 Stat. 159.

¹⁷ 42 Stat. 998.

ganization for the Department. It provided for the co-ordination of the Department's three main functions under a director of extension work, a director of scientific work, and a director of regulatory work.¹⁸

The period since 1933 has added tremendously to the Department's activities. On the whole, it represents an entrance into agricultural production with positive powers which had been associated much earlier with the marketing functions of the Department. The more important of these so-called "action" programs include the Soil Erosion Act of 1935,¹⁹ the Soil Conservation and Domestic Allotment Act of 1936,²⁰ the Farm Tenant Act of 1937,²¹ the Flood Control Act of 1937,²² the Pope-Jones Water Facilities Act of 1937,²³ the Agricultural Adjustment Act of 1938,²⁴ and the Federal Crop Insurance Act of 1938.²⁵

By 1938 the burden of operating these tremendous programs within the structure of the old Department became too great. The result was a reorganization more complete than that of 1923. In general, it has provided for the consolidation and co-ordination of like programs; it has tremendously strengthened the secretary's management facilities, principally by minimizing the number of agencies reporting directly to him and by providing him with adequate planning machinery. One of the primary purposes of the reorganization is ". . . to provide for appropriate centralization of policy, and for the greatest possible decentralization of operations."²⁶

¹⁸ *Annual Report of the Secretary of Agriculture, 1923*, pp. 40-41.

¹⁹ 49 Stat. 163.

²⁰ 49 Stat. 1148.

²² 49 Stat. 1570.

²⁴ 52 Stat. 31.

²¹ 50 Stat. 522.

²³ 50 Stat. 869.

²⁵ 52 Stat. 72.

²⁶ M. L. Wilson, undersecretary of agriculture, "The New Department of Agriculture," address to the Texas Agricultural Workers Association, Fort Worth, Texas, January 13, 1939 (mimeographed release from Department). For details of these changes see *Annual Report of the Secretary . . . 1938*, pp. 47-54; *Hearings before the Subcommittee of the Committee on Appropriations, House of Representatives, Agricultural Department Appropriation Bill for 1940* (76th Cong., 1st sess. [Washington: Government Printing Office, 1939], pp. 22-30 and *passim*).

This sketch of the Department's growth indicates that it has developed from an institution wholly or largely devoted to research and education into one which is increasingly concerned with actively promoting the effectiveness of agricultural production and marketing in our national economy. It is also apparent that the newer responsibilities of the unit involve the deployment of a vast force of field workers. The latter, it should be remembered, are not merely engaged in research but are actively endeavoring to carry out programs, restrictive and promotional, directly affecting the welfare of a large section of the citizenry. This conclusion is in general supported by an analysis of the number of persons employed by the Department from time to time throughout its history. Table 1 gives the total number of workers for various years since 1887. It also shows the number of employees stationed in the field for typical years since 1897 and the percentage of the total represented by those figures.

PRESENT ORGANIZATION OF THE DEPARTMENT

The Washington organization of the Department (see Chart I) at present includes two general groups of major units: (1) those providing the secretary with the means of overhead management, including those performing department-wide auxiliary services or co-ordinating a number of related activities of current importance; and (2) the bureaus carrying on the various "line" activities of the Department. The first group includes fourteen different units, of which five are performing the usual auxiliary services of management: the Solicitor's Office, handling all departmental legal work; the Office of Information, covering the general field of public relations; the Office of Personnel; the Office of Budget and Finance; and the Bureau of Agricultural Economics, which is charged with assisting in and co-ordinating the program-planning of the various operating agencies and with the related duty of performing research and statistical analysis necessary to the development of co-ordinated plans.

DEPARTMENTAL ORGANIZATION

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TABLE 1

COMPARISON OF THE TOTAL NUMBER OF EMPLOYEES IN THE UNITED STATES DEPARTMENT OF AGRICULTURE WITH THOSE IN THE FIELD, 1887-1939

Year*	Total Number of Employees in the U.S. Department of Agriculture	Number of Employees Located in the Field	Percentage of Total Located in the Field
1887.....	408		
1897.....	2,443	1,728	70.7
1905†.....	5,446	3,837	70.5
1906.....	6,242	4,648	74.5
1907.....	9,107	7,135	78.3
1908.....	10,420	7,932	76.1
1909.....	11,140	8,823	79.2
1910.....	12,480	10,066	80.7
1911.....	12,704	10,190	80.2
1912.....	13,858	11,043	79.7
1913.....	14,478	11,554	79.8
1918.....	25,239	19,351	76.7
1923.....	20,261	15,328	75.7
1927.....	21,661	16,870	77.9
1928.....	22,189	17,287	77.9
1931†.....	28,163	22,446	79.7
1932§.....	27,428	22,764	83.0
1933 	26,544	21,023	79.5
1934¶.....	38,623	28,591	74.0
1935¶.....	44,080	32,643	74.1
1936¶.....	53,522	42,140	80.6
1937**.....	60,229	46,858	77.8
1938††.....	68,431	57,246	83.6
1939††.....	81,970	70,034	85.3

* Sources: 1887, U.S. Congress, Senate, Select Committee on Methods of Business and Work in Executive Departments, Senate Rept. 507 (50th Cong., 1st sess., 1888), I, 3; 1897-1913 and 1927-39, *Annual Reports of the U.S. Department of Agriculture*; 1918 and 1923, Office of Personnel, U.S. Department of Agriculture.

† Four out of 15 units had more employees outside Washington than in.

‡ Includes those hired jointly by the United States and by states.

§ Includes 78 in foreign service.

|| Includes 80 in foreign service.

¶ Includes 52 in foreign service.

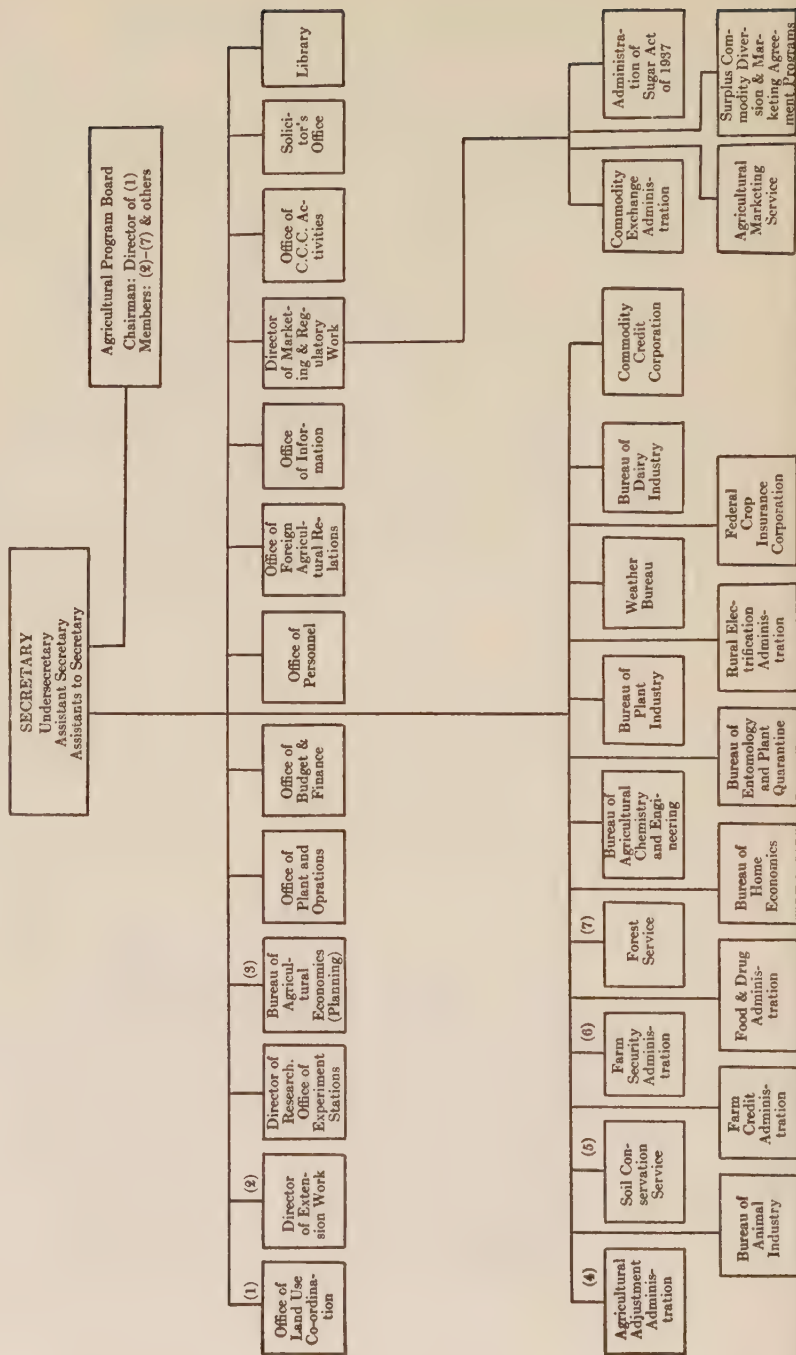
** Includes 88 in foreign service and 2,329 in Resettlement Administration, now Farm Security Administration.

†† Includes 103 in foreign service and 11,091 in Farm Security Administration.

‡‡ Includes collaborators without compensation.

CHART I

ORGANIZATION OF THE UNITED STATES DEPARTMENT OF AGRICULTURE, SHOWING
THE WASHINGTON OFFICE ONLY



Six of the remaining units may be considered as primarily co-ordinating divisions. The Office of Land Use Co-ordination co-ordinates the administrative work related to land use. The director of extension work co-ordinates the extension activities of the Department and the co-operating agencies in the states. The director of research and office of experiment stations co-ordinates the research of the Department and of the state experiment stations and agricultural colleges, at the same time administering the various funds provided for the support of agricultural research. The Office of Civilian Conservation Corps Activities supervises relationships with the Civilian Conservation Corps. The director of marketing and regulatory work is in charge of the direction and co-ordination of four bureaus: (1) the Agricultural Marketing Service, (2) the Surplus Commodity Diversion and Marketing Agreement programs, (3) the Commodity Exchange Administration, and (4) the Administration of the Sugar Act of 1937.²⁷ Finally, a certain amount of co-ordination is performed by the Agricultural Program Board. Headed by the land-use co-ordinator and made up of the heads of the "action" agencies, the directors, and chiefs of other bureaus as they are affected, this board reviews all proposed plans of operating agencies and submits them with its recommendations to the secretary.

The remaining auxiliary services are the Department Library, the Office of Plant and Operations, and the Office of Foreign Agricultural Relations.

These divisions cover or represent the Department as a whole, in that they perform functions which include aspects of the work of a number of operating units. In a few cases they are limited to only a few units, but their general character and

²⁷ It is difficult to understand why the Food and Drug Administration was not included in this group when it was set up in October, 1938. It would have reduced further the number of bureau chiefs reporting directly to the secretary of agriculture and would have completed the co-ordination of the Department's regulatory work. The only apparent explanation is that, since its activities are less directly related to agriculture than are the others and since its presence in the Department is somewhat a matter of tradition, it was decided to give it a semi-independent status.

especially their significance for the field services are like the truly department-wide auxiliary services.

The line or operating units of the Department are twenty in number. Of these, sixteen presumably can report directly to the secretary. The other four are now under the director of marketing and regulatory work. Some of the sixteen, however, are old, established units performing recognized technical duties requiring little direct supervision by the head of the department. In addition, some of these are bureaus which are engaged almost exclusively in research and thus require little day-to-day supervision by the Department's chief officer. Finally, the auxiliary and co-ordinating services discussed above handle various aspects of the detailed problems of these operating units. It is probable, therefore, that the secretary's span of control is not excessive.

From the point of view of the field services the important fact about the organization of the Department as a whole is that with few exceptions the overhead units, whose competence extends over more than one bureau, have concentrated almost all their activities in Washington. None of the exceptions, however, applies to Chicago. As far as formal organization is concerned, therefore, there is no department of agriculture in Chicago, since there is no officer located there whose authority extends beyond a single bureau.²⁸

The operating bureaus of the Department are organized according to one of two general patterns. The central Washington offices are uniformly subdivided into divisions, on either a functional or an object-commodity basis. The difference occurs in the field-service organization. The four Chicago bureaus which have been the particular concern of this study represent both types. The Bureau of Animal Industry²⁹ and

²⁸ For a discussion of the implications of this situation in Chicago see *infra*, chaps. iv-vii.

²⁹ While this characterization of the B.A.I. is true in general, it should be noted that two of the divisions of the Bureau—the Animal Husbandry Division and the Animal Nutrition Division—maintain their twenty-one field offices jointly.

the Agricultural Marketing Service are of the first or "multiple" type—to use the terminology adopted previously. The Food and Drug Administration, on the other hand, and the Commodity Exchange Administration are of the second or "unitary" type.

The divisional organization within the bureaus of the multiple type presents the same dichotomy. That is, there are in Chicago field divisions of a central bureau each of whose several local projects is headed by an officer who has no divisional superior within the field service and who reports directly to Washington. There are also divisions all of whose projects within the area are under the general supervision of a single field man. Thus, of the three divisions of the Bureau of Animal Industry and the six divisions of the Agricultural Marketing Service in Chicago, two of the former and five of the latter are of the unitary type.³⁰

In addition to the regular bureau-division structure, some of the units maintain one or more traveling inspectors. These do not in any sense modify the multiple type of field organization as far as the bureaus are concerned, since they are never responsible for more than one division. Where these inspectors cover all the projects in divisions having the multiple type of overhead direction, moreover, they do not constitute a tendency toward the unitary type, since the duties of these men are not precisely defined. Further, their reports are submitted to the headquarters offices, where any necessary action is taken.

THE CITY AND ITS HINTERLAND

Because of a complex of environmental factors the metropolis at the foot of Lake Michigan is of particular importance in the operations of the organization whose structure has been outlined above, especially those related to the marketing of

³⁰ These are: Pathological Division and Tuberculosis Eradication Division of the Bureau of Animal Industry; Division of Dairy and Poultry Products; Division of Hay, Feed, and Seed; Packers and Stockyards Administration; Grain Division; and Division of Livestock, Meats, and Wool of the Agricultural Marketing Service.

farm products. Chicago is located in an area made rich by the various advances and retreats of the glaciers.³¹ An overwhelmingly large proportion of the American production of grain and hogs, about half of the cattle, milk, and butter fat, and one-third of the sheep come from this land.³² While the production of fruits and vegetables is more evenly distributed throughout the country, the increasing importance of this crop and Chicago's strategic location in the country combine to heighten the city's prominence in the handling and marketing of the products of the soil.³³

Lake Michigan's awkward position, thrusting its three hundred miles of deep water like a dam across the dominant flow of goods from the central plain to the North Atlantic states, means that produce moving from the west to the northeast must cross the water or go around it. In either case the city at the foot of the lake has benefited. The canal system afforded Chicago its share of the water commerce, and the railroads have had to turn their traffic through the city, making it unsurpassed in the world as a railway center.

"The flat land, the fertile soil, the markets at the east and the Great Lakes compel a metropolis at the place of Chicago."³⁴ It was inevitable also that the city become a great market for products of the farm. Chicago has been noted as a grain market since the early days of commercial production in the United

³¹ Cf. J. Paul Goode, *The Geographical Background of Chicago* (Chicago: University of Chicago Press, 1926).

³² The area considered as Chicago's hinterland includes the North Central states—Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas. While these states are tributary to Chicago in varying degrees—and a few others might be included as well—they are actually or potentially Chicago's supply area. For detailed analyses of Chicago's dependence upon this group see two studies by Edward A. Duddy and David A. Revzan, *The Supply Area of the Chicago Livestock Market* (Chicago: University of Chicago Press, 1931) and *The Grain Supply Area of the Chicago Market* (Chicago: University of Chicago Press, 1934).

³³ See Edward A. Duddy and David A. Revzan, *The Physical Distribution of Fruits and Vegetables* (Chicago: University of Chicago Press, 1937).

³⁴ J. Paul Goode, *The Development of Commercial Ports* (Chicago: Report to the Chicago Harbor Commission, 1908), p. 79.

States. Since 1900 the overwhelming predominance of Chicago as a primary grain market has been lessened, but the total volume is still very large.³⁵ However, the Chicago grain market is less important, particularly as far as the activities of the Department of Agriculture are concerned, as a receiving point than as a market for futures contracts. Chicago was the scene of the birth of future trading in the United States, and the age of its leadership promises that it will remain the outstanding grain-futures market in the country. It is to Chicago that producers and purchasers of grain look for the determination of prices in the United States.³⁶

Since 1890 Chicago's livestock market and its packing industry have been as important as the grain market. Recent developments toward the decentralization of marketing and packing have reduced the relative importance of all central livestock markets, but despite these trends Chicago has continued, for the most part, to be the outstanding livestock market in the country.³⁷

While Chicago's popular reputation as the great central market depends upon grain and livestock, there are several other commodities which are more important to the city than the notice they receive. In the fresh fruit and vegetable industry, which has come of age within the last three decades, the volume of the Chicago market is second only to that of New York.³⁸ Moreover, its tremendous cold-storage facilities and its location west of the centers of largest consumption have given Chicago a position unique in the trade. Cars shipped to

³⁵ Duddy and Revzan, *The Grain Supply Area of the Chicago Market*, pp. 7-9.

³⁶ G. Wright Hoffman, *Future Trading upon Organized Commodity Markets in the United States* (Philadelphia: University of Pennsylvania Press, 1932), pp. 30 and 120.

³⁷ Edward A. Duddy and David A. Revzan, *The Changing Relative Importance of the Central Livestock Market* (Chicago: University of Chicago Press, 1938), pp. 24-31 and 40; Duddy and Revzan, *The Supply Area of the Chicago Livestock Market*, chap. i.

³⁸ W. C. Crow, *Wholesale Markets for Fruits and Vegetables in 40 Cities*, U. S. Department of Agriculture Circ. 463 (Washington: Government Printing Office, 1938), p. 137.

Chicago can be reconsigned, diverted, to the most advantageous eastern markets or held in storage. Not only does Chicago handle more of these "diversions" than any other market, but as a result Chicago prices are looked upon as a barometer for the entire trade.

The volume of dairy and poultry products handled in the Chicago market is second to that of New York.³⁹ In addition to this large cash trade Chicago has in the Chicago Mercantile Exchange the only exchange in the country which carries on future trading in butter and eggs.

THE DEPARTMENT'S ACTIVITIES IN THE CITY

In the light of the above discussion it is not surprising to find that the principal activities of the United States Department of Agriculture in Chicago are related, some directly and some more remotely, to the process of marketing agricultural products.⁴⁰ These activities will be discussed in two groups: (1) those dealing with the facilitation of marketing and (2) those dealing with its supervision and regulation.

The facilitation of marketing.—The facilitation of marketing of agricultural products includes in the present study the market-news services and the grading, certification, and inspection work, both voluntary and compulsory. The market-news services, which began during the World War,⁴¹ are located in the various divisions of the Agricultural Marketing Service and comprise approximately one hundred field offices and temporary stations throughout the country, joined by a system of leased telegraph wires to one another and to Washington. The work involves the issuance of daily, weekly, and monthly bulle-

³⁹ U. S. Department of Agriculture, *Agricultural Statistics, 1938*, pp. 354-55, 361, 372, 374, 377.

⁴⁰ While the field work for this study was going on the functions discussed below were the most important carried on by the Department in Chicago. Since that time, in addition to minor changes, two new large units have been added: (1) the regional office of the Federal Crop Insurance Corporation and (2) a field purchasing and auditing unit of the Federal Surplus Commodities Corporation.

⁴¹ *Annual Report of the Secretary of Agriculture, 1915*, pp. 30-31.

tins covering production, storage holdings, and both local and national market movements and prices. These bulletins are usually issued by the field offices, the local information being provided by their own observers on the market, the national data and news from other markets coming to them over the leased wire. At the present time there are four divisions of the Agricultural Marketing Service located in Chicago which are engaged in market-news work covering four corresponding classes of commodity: (1) fruits and vegetables, (2) livestock, meats, and wool, (3) dairy and poultry products, and (4) hay, feed, and seed.

The grading and inspection services, which date from the passage of the Cotton Futures Act in 1914,⁴² are both compulsory and voluntary. The only compulsory inspection work carried on in Chicago is that under the Grain Standards Act of 1916, located in the Grain Division of the Agricultural Marketing Service. The Act is unique in that it provides no direct federal inspection of grain. This means that the inspectors licensed under the Act are employed either by the states or by financially disinterested trade organizations or are independent inspectors working on a fee basis. The work of the field office thus is to supervise the work and equipment of licensees by grading check samples and appeal samples. Any person financially interested in the grade of any lot of grain may appeal from the grade of a licensed inspector to the local federal supervisor. If he is still not satisfied, his appeal may go to one of the two boards of review located in Chicago and in Portland, Oregon, and if necessary the matter can be taken to the secretary himself.

In the years following the inauguration of the Federal Grain Supervision a system of voluntary grading and inspection work has been developed which now covers substantially all agricultural commodities of commercial importance.⁴³ Grading and

⁴² 38 Stat. 693.

⁴³ Both shipping-point and receiving-point inspection are carried on by the Department. While the latter only is supervised in the field, the existence of the former is important to note because of its influence on headquarters-field relationships in the Department.

inspection of the following products are now carried on in Chicago: fresh fruits and vegetables, hay, eggs, butter, meat, dressed poultry, and canned fruits and vegetables.

The majority of these services are performed on a fee basis. Since the unit charges for the optional services are usually insufficient to cover all the overhead involved, most of these are carried on in co-operation with the various states.⁴⁴

The supervision and regulation of marketing.—Perhaps the most important of the regulatory functions of the Department in Chicago are those dealing with the maintenance of a free market, operations located primarily in the commodity and livestock markets. Peacetime regulation of the former began with the Grain Futures Act of 1922.⁴⁵ The Act provided that future trading in grain could be carried on only on "contract markets" designated by the secretary. Among the conditions established for such designation were (1) filing reports on the transactions of the exchange and its members; (2) preventing the dissemination of false or misleading information tending to affect the price of grain; (3) preventing manipulation and corners by members or operators; (4) the admission of farmers' co-operatives; and (5) making effective final orders of the Department with respect to violations. In addition, members were required to file certain reports of transactions carried on by them and their customers and to permit the examination of their records by representatives of the Department.

As a result of the experience gained in enforcing these provisions, the Act was extensively amended in 1936.⁴⁶ It was broadened to include future trading in a number of other commodities—the most important of which for purposes of this study were butter, eggs, and potatoes, since their inclusion brought the Chicago Mercantile Exchange under the jurisdiction of the Commodity Exchange Administration. Permission was given to establish limits on the amount of trading which

⁴⁴ Cf. Jane Perry Clark, *The Rise of a New Federalism* (New York: Columbia University Press, 1938), pp. 104 and *passim*.

⁴⁵ 42 Stat. 998.

⁴⁶ 49 Stat. 1491.

could be done by any individual; certain types of transactions—including fictitious sales—which had been found harmful were forbidden; all commission merchants and floor brokers were required to be licensed by the secretary of agriculture—an important change permitting the Department to deal with the individual broker as it was unable to do before; certain rules were established for the agency operations of commission merchants which will be discussed below with other legislation dealing with the supervision of fiduciary relationships.

Peacetime regulation of the livestock market dates from 1921, when Congress passed the Packers and Stockyards Act.⁴⁷ The legislation directs the secretary of agriculture to approve all schedules of rates and charges exacted by stockyards companies, commission men, and dealers, and if necessary to prescribe rates which are reasonable. It requires all yards to be registered with the Department and provides for the licensing of all operators on the market. Yard facilities are within the Department's jurisdiction. Finally, and perhaps most important, the Act forbids packers, stockyards owners, and market agencies to indulge in unfair practices, including manipulation of prices, discrimination among producers or sellers, and the like.

The development of large-scale handling of live poultry in the urban markets in recent years has been attended with abuses similar to those which preceded federal regulation of livestock marketing. To correct this situation the Congress in 1935 amended the Packers and Stockyards Act to include live-poultry dealers under its provisions.⁴⁸

In addition to its efforts to maintain a free market, the Department exercises a number of controls designed to protect the customer or seller in his relations with the market operator. The Commodity Exchange Act provides such protection by making it unlawful for any member to defraud a customer, to deceive him in connection with a transaction by a false statement concerning it, or to mislead him with respect to the

⁴⁷ 42 Stat. 159.

⁴⁸ 49 Stat. 648.

execution of an order he has placed. In addition, it requires that commission merchants treat all money deposited with them as margin or accruing to a customer as belonging to the customer.

The Packers and Stockyards Act forbids all "unjust, unreasonable, or discriminatory" practices on the part of stockyards owners and market agencies and makes them liable for the full amount of the damages sustained as a result of such practices. It also authorizes the secretary of agriculture to require bonds of all market agencies in order to assure the performance of their financial obligations.

Since the growth of large city markets for such farm produce as fruits and vegetables was attended with numerous abuses, Congress has charged the Department with responsibility for controlling the condition. The Produce Agency Act of 1927⁴⁹ forbids receivers of any perishable farm products to "dump" such receipts without "good and sufficient cause." In addition, it provides criminal penalties for failure to report correctly to the shipper concerning the handling, condition, quality, quantity, or disposition of produce received and for failure "knowingly and with intent to defraud" to account correctly for such receipts. To correct the inadequacies of this act⁵⁰ and to provide a uniform method for settling disputes the Perishable Agricultural Commodities Act of 1930 was passed.⁵¹ This legislation is narrower than the Produce Agency Act, covering only fruits and vegetables, but it supplies more ample powers. It makes unlawful a series of unfair practices, including fraudulent charges, misrepresentation of the origin of shipments, and alteration of labels and inspection tags, as well as those regarding "dumping" and accounting. Licensing of dealers is provided for, as is liability to persons damaged, and a system is

⁴⁹ 44 Stat. 1355.

⁵⁰ These inadequacies were, first, that it was almost impossible for enforcing officials to prove intentional fraud; second, the Act provided no machinery for financial recovery by the damaged shipper; and, third, it contained no licensing provisions.

⁵¹ 46 Stat. 531.

set up for the settlement of disputes and the issuance of reparation orders by the secretary of agriculture.⁵²

A third group of regulatory activities of the Department in Chicago is that associated with the prevention of unhealthful conditions in livestock and meats and the elimination of adulteration and misbranding of foods. Of outstanding importance among these is the livestock and meat-inspection work carried on in the Union Stock Yards and at the packing plants under the Meat Inspection Act of 1906.⁵³ At the present time the work performed includes the inspection of all live animals and supervision of all stages of slaughter and packing. To assist in the handling of these activities the Bureau of Animal Industry has a chemical laboratory near the plants to examine samples of all materials received for use in preparation of meat and of all meat products. In addition, there is a branch laboratory of the Pathological Division of the Bureau in Chicago which examines samples sent in by meat inspectors throughout the region when the exact nature of the diseased condition noticed in a carcass is not apparent to the inspector.

The meat-inspection work in Chicago is closely related to the quarantine activity of the Department, although the latter has no branch office in the city. The stockyards and the packing inspection are strategically located for the detection of cases of seriously contagious diseases. By notifying quarantine officials in the area from which a case has been shipped, the Chicago officials assist in barring diseased animals from interstate commerce and in checking or preventing disastrous epidemics.⁵⁴

⁵² Since the annual turnover among the fifteen thousand handlers licensed under the Act is about 20 per cent—half of them due to business failures—the importance of national supervision is obvious (M. C. Gay, *Marketing Fruits and Vegetables Co-operatively*, Farm Credit Administration, Co-operative Division, Circ. C-110 [Washington: Government Printing Office, 1938], p. 14).

⁵³ 34 Stat. 674.

⁵⁴ In addition to the above, there is located in Chicago the headquarters for the tuberculosis and contagious abortion eradication, which is carried on co-operatively with the state. A minor responsibility is the enforcement of the so-called twenty-eight-hour law, which forbids the confinement of live animals

Equally as important as the livestock and meat activities of the Department in Chicago are those dealing with the adulteration and misbranding of foods, drugs, and similar commodities. The Food and Drugs Act of 1906⁵⁵ makes it a criminal offense to deal in misbranded or adulterated foods and drugs in interstate and foreign commerce and makes such goods liable to seizure. In 1938 the Act was almost entirely re-written to include cosmetics and therapeutic devices and to require that all new drugs and medicines be registered with approval by the Department before being placed on the market. Enforcement provisions of the law were strengthened, and the Department was authorized to establish standards for foods, which should have the force of law.⁵⁶

Besides the Food and Drugs Act, the Department of Agriculture and the Food and Drug Administration have been charged with the enforcement of a number of other laws of similar character. These include the Insecticide Act of 1910,⁵⁷ the Naval Stores Act of 1923,⁵⁸ the Filled Milk Act of the same year,⁵⁹ the Import Milk Act of 1927,⁶⁰ and the Caustic Poison Act of 1927.⁶¹

SUMMARY

As the Department of Agriculture has grown from a small group of men devoting their energies largely to research into a large institution actively concerned with promoting agricultural production and marketing, it has had to face the problems associated with co-ordinating and controlling a vast force

in boats or railroad cars without rest and feed more than twenty-eight hours, a period which may be extended to thirty-six hours at the written request of the owner of the animals (17 Stat. 584; amended, 1906, 43 Stat. 607).

⁵⁵ 34 Stat. 669.

⁵⁶ 52 Stat. 1040; cf. David F. Cavers, "The Food, Drug, and Cosmetic Act of 1938: Its Legislative History and Its Substantive Provisions," *Law and Contemporary Problems*, VI, No. 1 (winter, 1939), 2-42.

⁵⁷ 36 Stat. 331.

⁵⁸ 42 Stat. 1435.

⁵⁹ *Ibid.*, 1485

⁶⁰ 44 Stat. 1101.

⁶¹ *Ibid.*, 1406.

of field workers. As far as the field is concerned, the principal features of the organization which has been developed to perform this task are (1) the almost complete absence of officials outside of Washington whose authority extends beyond a single bureau and (2) the use of both multiple and unitary types of overhead direction at the bureau and the divisional levels.

The Chicago offices of the Department constitute an interesting sample through which to observe this organization in cross-section, as it were, and to formulate a set of tentative conclusions concerning some aspects of the centralization-decentralization problem. By reason of its location in relation to the agricultural producing areas and to the channels of distribution, Chicago has become an important center for a whole series of activities associated with the Department's responsibilities in the field of agricultural marketing. These activities include the facilitation of marketing, through grading, certification, inspection, and market-news services and the supervision and regulation of that process, through the maintenance of a free market in commodities and livestock, the protection of fiduciary relationships in the agricultural markets, and the prevention of fraudulent and unhealthful conditions in various branches of the food industry. While these duties are only one aspect of the Department's work, the administrative problems involved in their performance are typical of those faced by this Department and by similar organizations.

CHAPTER IV

DECENTRALIZATION OF AUTHORITY AND RESPONSIBILITY: RELATIONSHIPS BE- TWEEN HEADQUARTERS AND FIELD

OVERHEAD ORGANIZATION AND DECENTRALIZATION

WHEN one is considering the organization of any institution such as the Department of Agriculture, the question of the degree of centralization in its operations is an important one. From the standpoint of the present study, which has been based upon the idea that decentralization is a "good"—that is, that the broader aspects of administrative efficiency require a decentralized structure—such a question is of the first importance. Securing a dependable answer for it, however, is fraught with difficulties. Outstanding among them is the problem of selecting a standard or measure in terms of which one can decide whether an organization is decentralized. It would be highly gratifying if there were available some generally recognized and verified measure which could readily be applied to the organizations under consideration. Since, however, "centralization" and "decentralization" are terms of degree and since only their extremes are easily recognizable, it is unlikely that such unanimity can be assumed or developed for any definition.

While such is the case, however, there are several criteria which can be proposed whose merits and demerits should be considered. In the first place, it has been suggested that the unitary type of field organization is itself an indication of decentralization.¹ The proposal has much to recommend it. It

¹ L. Gulick and L. Urwick, *Papers on the Science of Administration* (New York: Institute of Public Administration, Columbia University, 1937), pp. 28-29, and May H. Dhonau, *Decentralization in Government Departments* (London: Institute of Public Administration, 1938), p. 16.

can be assumed, for example, that where provision is deliberately made for the co-ordination of an organization at the field level those in charge of the establishment have desired to secure the advantages of decentralization. Moreover, since the exercise of co-ordinating authority at any level requires discretionary action, co-ordination in the field assumes considerable decentralization.² It might be reasonable to conclude, therefore, that an organization is decentralized if it includes co-ordinating points at the field stage of the "scalar process."³

But the assertion cannot be accepted without question, for the position of the local co-ordinator may not be as strong as it appears on paper. If the technical specialists in the local office consult directly with their technical superiors in the central headquarters while nominally under the supervision of the field co-ordinator or if the latter's specialized knowledge is not sufficient to permit him to direct in detail all the unit's functions so that his subordinates must of necessity deal directly with the central officials or operate semi-independently, the presence of a field co-ordinator on an organization chart may be misleading and may not at all indicate the existence of decentralized authority.⁴

Finally, it should be noted that this criterion is a purely formal one. As it is possible to have a nominal unitary type of field organization without decentralization, for the reasons

² Cf. Luther Gulick, "Note on the Theory of Organization," in Gulick and Urwick, *op. cit.*, p. 30.

³ In the course of his interviews the author discovered various situations supporting this opinion. For example, in discussing with the president of the local United States Department of Agriculture Club the possibility of the Chicago group's sponsoring various training programs, that official volunteered that the only offices which could possibly initiate such work were those headed by regional co-ordinators.

⁴ In this connection it is interesting to note that V. O. Key, Jr., has called attention to the difficulties resulting from inadequate definition of the status of regional directors. He also found that of the various agencies administering grants to states, only one—the Bureau of Public Roads—vested any considerable degree of authority in its field offices, although a number of the agencies employed field co-ordinators (*The Administration of Federal Grants to States* [Chicago: Public Administration Service, 1937], pp. 219, 222).

noted above, so it is also possible, where co-ordination in the field is not of primary importance, to have a considerable degree of decentralization along with the multiple type.

A second index of decentralization which can be advanced is the frequency with which field offices refer matters to the headquarters for decision.⁵ It is one which appears so natural that its relevance need not be discussed. It is, however, subject to serious shortcomings. To be thoroughly dependable it would have to be based on extensive quantitative data, which in most cases would require the services of a small army of clerks and interviewers, providing that access could be had to all the files of the units examined. In a study of less impressive proportions, therefore, it is necessary to depend upon impressions and sampling interviews for data of this sort. No matter how large the study, moreover, qualitative judgment must always be used in handling such data. It is one thing for detailed arrangements susceptible of treatment under general regulations to be relayed from the field, and it is quite another for the branch offices to refer questions involving a vague or nascent national policy. The latter will almost inevitably move to headquarters. Also, there is a difference between cases in which questions are decided at the center but action is taken in the field and those in which both decision and action are handled at headquarters.⁶

Another criterion, related to the one just discussed, is the number and specificity of general regulations or special directions under which the field agents work. This again is a standard whose usefulness is apparent, but it suffers from one of the limitations mentioned above, namely, that a monumental accumulation of quantitative data would be necessary to render it entirely dependable. Where less exact methods must be used, the standard must be employed with caution.

A fourth possible measure of the degree of decentralization

⁵ Cf. Dhonau, *op. cit.*, where principal reliance is placed on this criterion.

⁶ This point has been made in Sir Charles Harris, "Decentralization," *Journal of Public Administration*, III, No. 2 (April, 1925), 117-33.

is the provision for appeal from the decisions of the field officials. It would appear that where detailed arrangements are made for such appeals the final authority of the field men is limited. This may not always be the case, however, for in the absence of such provisions the area in which the field agent may make decisions may be so slight that appeal machinery is unnecessary. On the other hand, formal arrangements for handling appeals may be set up but used so little that their establishment may be a very misleading guidepost.

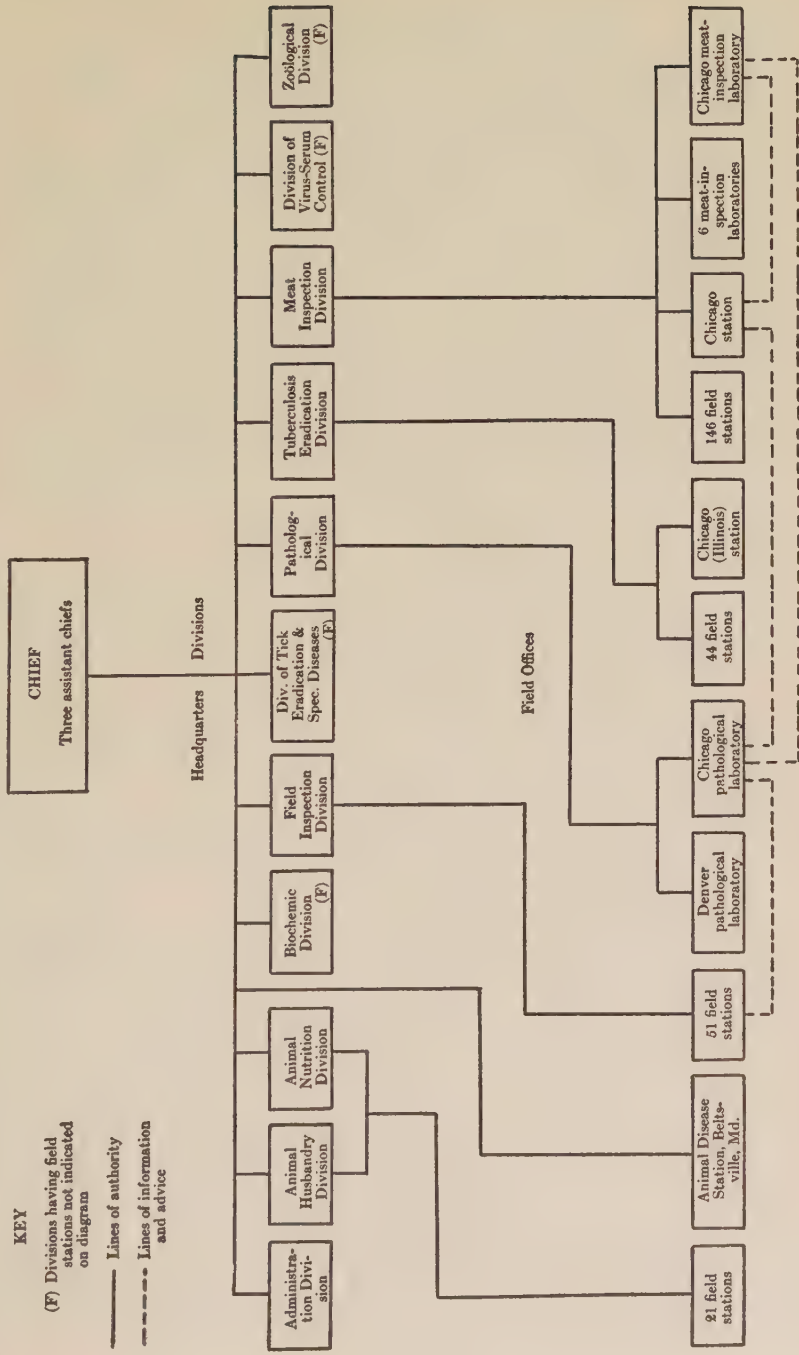
Finally, decentralization in any unit should be judged in terms of the nature and diversity of its duties. If field men must make decisions on a large number of individual cases, a certain degree of decentralization will naturally occur. Also, if the unit performs such a wide variety of duties that co-ordination in the field is difficult or undesirable, a centralized structure may more easily develop, but a considerable delegation of actual working authority may exist at the same time, as has been noted above.⁷

Since none of these indices is in itself entirely adequate, the attempt will be made here to use them in combination. The four bureaus which are the principal concern of the study will be divided into two groups—those whose field organizations are projections of the central divisional structure and those whose field organizations provide for co-ordinating points in the field. This device will serve not only as a means of classification, but also as a preliminary assumption regarding the question of decentralization. This assumption will then be modified by a discussion of the nature and diversity of the functions performed by each of the bureaus, of the frequency with which questions are referred from Chicago to Washington, of the nature of these questions, of the regulations under which the field men work, and of the provisions for appeal from their decisions.

⁷ For an interesting discussion of this point see Sir Ernest Clark, "The Local Organization of Services Administered by a Central Authority," *Journal of Public Administration*, III, No. 2 (April, 1925), 379-89.

Multiple overhead direction and decentralization.—The two bureaus whose field organizations are a projection of the Washington divisional structure are the Bureau of Animal Industry and the Agricultural Marketing Service. Three of the former's ten line divisions are represented in Chicago (see Chart II), those which are concerned with the protection of animals, meat, and meat products from disease—the Tuberculosis Eradication Division, the Pathological Division, and the Meat Inspection Division. The first of these has charge of the work of eliminating tuberculosis and Bang's disease (contagious abortion) of cattle in Illinois, in co-operation with the state. The tuberculosis eradication work involves little for the field office except rather routine supervision of the activity, which is directed by the state officials with joint funds, to make sure that federal regulations regarding testing and indemnity payments are observed. The elimination of Bang's disease, however, being a newer activity sponsored by the Bureau and dependent upon the voluntary co-operation of individual farmers and stock-owners, requires more detailed attention. The Pathological Division's office—one of two branch laboratories in the country—is essentially a research and service station for other divisions of the Bureau. It receives from all the meat-inspection stations in the central section of the country specimens of all diseased animals where there is a question as to either the necessity of condemning the carcass or the nature of the disease. The Meat Inspection Division is composed of two units, each reporting directly to Washington. One is charged with the actual supervision of the slaughter of animals and the packing and preparation of meat and with the examination of waybills to check on the observance of the twenty-eight-hour law. The other is the meat-inspection laboratory—one of seven located throughout the country—which receives samples of all ingredients used in the packing of meat and of all meat products produced in plants under federal inspection in Illinois, Wisconsin, Indiana, Iowa, Ohio, Michigan, and Minnesota. These must be chemically analyzed and ap-

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proved before the ingredients can be used in the packing process or the meat can be placed on the market.

From the point of view of the operation of these Chicago offices, the only other important activity of the Bureau is the livestock quarantine work carried on in the Field Inspection Division. Both the meat inspectors in the inspection and condemnation of carcasses and the pathologists in the examination of diseased specimens are in a position to detect evidences of contagious disease which need to be brought to the attention of quarantine officials. Since the latter are located in the producing and importing areas, the interdependence of the two groups has an important bearing upon the relations between the Chicago and the Washington offices. This will be noted below.

As far as the specific criteria of decentralization are concerned, the pathological laboratory, as might be expected, is the most independent of central control. Engaged in service research of a highly technical character, it is free to report its findings to meat and field inspectors calling on it. Routine reports are sent to headquarters for purposes of record. However, when a highly contagious disease is noted, the laboratory will find out the point from which the animal was shipped and will at once notify either Washington or the proper branch office of the Field Inspection Division so that appropriate action can be taken.

The Tuberculosis Eradication Division is relatively independent of its central office. While the negotiation and establishment of the federal-state agreements under which the work is carried on are handled exclusively by the Washington office, from that point on the local representative enjoys considerable freedom. Rules and regulations governing inspection, slaughter, and indemnity involve little question. More important, each of the projects began on a voluntary basis with individual farmers and groups, although tuberculosis eradication is now compulsory under state laws, and it thus was the duty of each responsible official in charge to promote the work and to in-

crease co-operation as effectively as possible. Various methods have been employed by the different Division officials stationed in the various states; and, while the central office is kept informed of such developments through reports submitted directly and through traveling inspectors, the field offices have generally been permitted to carry on this missionary work by such methods as they deemed appropriate to the locality in which they were working.

The Meat Inspection Division's offices enjoy somewhat less independence of the central headquarters than those discussed above. As far as the inspection and approval or condemnation of meat are concerned, the reverse is true, however. The veterinarians stationed in slaughterhouses and packing plants are fully authorized to determine, with the aid of the meat-inspection and pathological laboratories, when meat should be destroyed and whether the conditions surrounding slaughter and packing are sanitary. Moreover, the work has become so well established during the three decades of its existence that appeals from the decision of the supervisor are extremely rare, particularly as the traveling inspectors are constantly checking on the inspection efficiency. Field men, however, have no authority to grant inspections to plants not previously included in the work or to withdraw inspection from plants. Similarly, when they uncover evidence of the violation of an exemption certificate by a farmer or retail butcher, no action is taken until the data have been submitted to headquarters for a decision; and, if prosecution is determined upon, it is handled entirely in Washington by the Bureau and the Solicitor's Office. The same is true of the enforcement of the twenty-eight-hour law. The local men merely obtain evidence of violations and refer it to Washington.

Reports on diseased animals condemned or quarantined are submitted daily to the central office, despite the fact that the local supervisor is authorized to notify state officials of the state from which a diseased animal was shipped, who in turn are expected to investigate and decide on the desirability of

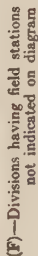
area quarantine. The daily reports to Washington both furnish a check on the action of state officials and, when assembled from all inspection points, give an accurate picture of the seriousness and geographical extent of an outbreak. Since animals from a single infected area may be shipped to a number of markets, the inspectors at no one of these will be in a position to realize the severity of an outbreak represented by the cases he has discovered. To enable the Field Inspection Division to carry on its quarantine work, therefore, these reports must be assembled and analyzed at one central point.

The meat-inspection laboratory of the Meat Inspection Division is in a position similar to that of the pathological laboratory, since it is performing an analytical service. While its reports are carried out by the meat inspectors who have submitted the samples examined, copies are submitted to the central office in case appeals are taken from the laboratory's decision. Such appeals, however, are rare.

The Agricultural Marketing Service, whose field organization also provides no co-ordinating point below the headquarters level, is represented in Chicago by six of its eleven divisions (see Chart III). These are: Division of Dairy and Poultry Products; Division of Hay, Feed, and Seed; Packers and Stockyards Division (until October, 1938, a division of the Bureau of Animal Industry); Grain Division; Division of Livestock, Meats, and Wool; and Division of Fruits and Vegetables. Their activities have been sufficiently discussed in the preceding chapter. For the purpose of discussing their formal relations with Washington they can be divided into four general types of activity—the market-news services, the grading and inspection work, the enforcement of the Produce Agency Act and the Perishable Agricultural Commodities Act, and the enforcement of the Packers and Stockyards Act.

The market-news work is a highly standardized operation involving two kinds of work—the collection and assemblage of data from shipping points and the collection of information on receipts and prices in the individual markets. Both require a

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high degree of individual judgment on the part of the field man, but the former also necessitates a certain amount of direction and supervision by the central office. As far as the nature of the data collected is concerned, the work is so standardized as to occasion little question and no discretionary action in the field. The field men do, however, take some initiative in proposing changes both in the kinds of information to be assembled and in the form in which it is issued, but such changes must be approved at headquarters, since the service would be of little value nationally if each market station did not issue information comparable to that originating in all the others.

Shipping-point news differs from that in the individual markets in that it must cover the entire producing area to be of any value. For this reason shipping-point reports are usually assembled at one central point—the Washington office—and then wired out to the market stations for release. This is particularly the case with commodities like fresh fruits and vegetables, where the producing area is virtually nation wide. In addition, where the service depends upon railroads and other transportation agencies for certain shipping data, the arrangements are made entirely by the central office of the Bureau.

When it comes to the actual collection of marketing data, however, the field men are of crucial importance. The central offices can do little except make sure that they are employing men thoroughly familiar with the products handled. Moreover, the market reporters not only must know their commodity and the peculiarities of marketing it but must be able to establish and maintain the most cordial relations with operators in the markets, upon whom they depend for the details of individual transactions. Also they must exercise considerable judgment and skill in summarizing from a mass of such detailed information the general trends of the market. Thus, while the type of information assembled and the form in which it is issued is entirely controlled from Washington,

the value of the services depends upon the judgment of the individual market reporters.

The grading and inspection activities of the Bureau vary more in their relations with the central offices than do the market-news services. As noted in the previous chapter, the former are of two kinds—voluntary and compulsory—the only example of the latter class being the inspection of grain; these will be treated separately. Where the voluntary services are carried on co-operatively with a state, as is the case with dairy and poultry products and fresh fruits and vegetables, the agreements between the states and the Department are handled in Washington with little or no assistance from the field men.⁸ Moreover, where the service involves the grading of a processed product in a plant, as in the case of dairy products and dressed poultry, the arrangements for the service, including the regulations which must be observed by the processor, are made by the central office with little or no assistance or initiative from the field.

These inspection services are all based upon the standard grades which have been established from time to time by the Department, and, while they are based on considerable research, conditions often require that they be modified or changed. New uses for products, changes in the percentage of total production which falls within a given grade, and the like, after a period of time will render any set of standards discriminatory and inadequate. Since the grades must by definition be uniform throughout the country, the changes are of necessity made in the central offices, but the field men frequently make a contribution to them. Inspectors in the field are in a position to observe injustices occurring under existing standards and to pick up gossip in the trade regarding the adequacy of the grades. This is often the starting-point of a general revision. No matter what the source of the proposed change, the

⁸ For a discussion of the details of these arrangements see *infra*, chap. v, pp. 94-95.

field men are usually called upon to report the probable effects of adopting a new set of standards. They are in constant touch with the trade and are likely to know more intimately the shortcomings of any given grade when in use. There are evidences, however, that this procedure is not always followed.⁹

Probably the most important factor influencing the position of the field offices in the inspection services is the method of handling appeals from the grades assigned by inspectors. The number of such appeals varies widely among the various offices, although this is the principal method of maintaining uniformity in applying the grades. In the smaller, more recently established services, such as the grading of canned fruits and vegetables and of dairy and poultry products, the volume of work is sufficiently small so that appeals are infrequent. Nevertheless, the procedure differs considerably among them. When an objection is filed against a grade given a lot of dairy and poultry products—usually butter or eggs—it is customarily referred at once to the Washington office for decision. In the canned-goods grading, however, the matter is more often settled by the supervisor in Chicago. There is no apparent reason for this difference other than the desire of the division chief in the former case to handle such matters in Washington.

In the inspection of fresh fruits and vegetables, however, where a much larger volume of appeal work arises, principally because the Division maintains both shipping-point and receiving-point inspection, the appeal system is more significant. At the present time the central-market inspectors overrule no shipping-point grade on appeal without sanction from the Washington office, which is usually given. A few years ago, however, the field supervisors had final authority in the matter, but in this case there is a reason for referring such matter to the central office. At the same time, the volume of such appeals does not appear to be so large that great inconvenience is caused.¹⁰

Unlike the voluntary inspection work, the compulsory grain

⁹ Cf. *infra*, chap. v, p. 92.

¹⁰ Cf. *infra*, chap. vi, p. 107.

inspection places a considerable degree of responsibility on the field men. The general field headquarters in Chicago is the primary enforcing unit for the Grain Standards Act.¹¹ It has charge of all but the final stages of licensing of inspectors, supervises the accuracy of the equipment used by district supervisors, and checks the efficiency of the supervision of inspection carried on in the various districts. Moreover, it may, on the basis of information supplied by the district supervisors, decide when a licensed inspector should be penalized or a dealer should be prosecuted for violation of the Act, although the legal action is taken by the Solicitor's Office in Washington on the basis of the citation filed by the general field headquarters.

The appeal system of the Division also reaches its final stage in the general field headquarters. In the first instance appeals from the grades of licensed inspectors are handled by the district supervisors. If any party to the transaction is not satisfied with this appeal grade, however, the matter may be carried to the boards of review, located in Chicago and Portland. Theoretically, the grade assigned by the board of review may be challenged and carried to Washington, but this is so rare that it is negligible.

Since the practical peak of the appeal hierarchy is located in Chicago, the field headquarters is particularly influential in the development of new standards. While research in grain standardization is continuously carried on in Washington, as is the case in the other divisions handling inspection work, the actual development of new standards is done in close co-operation with the field men. Moreover, since they are in a strategic position for observing the adequacy of existing standards, the initiative for changes also stems from them, and even where this is not the case proposed standards are usually not an-

¹¹ The position of the general field headquarters with respect to the Pacific coast headquarters is not very clearly defined. While the former covers the more important producing and marketing areas, the two appear to be for all practical purposes co-ordinate, although the former's formal jurisdiction covers the entire country.

nounced until the field officers, including the district supervisors, have reported on their probable effect. In all such matters of policy the general field headquarters is always consulted before action is taken.

In addition to the above prerogatives, the general field headquarters handles most of the contacts with the state grain-inspection departments which are not taken care of by the district men. Also, the chief of the field work in Chicago may authorize inspections for other units of the federal government.

Although the work of the Grain Division is delegated to the extent indicated to the general field headquarters, it may appear that the work is merely centralized in Chicago rather than in Washington. Such is not the case. In the first place, the Chicago office is centrally located within a few hours by train of all the principal grain-producing and marketing centers of the country. Second, considering the fact that the principal purpose of the Grain Standards Act is to assure uniformity throughout the country, the forty-one district offices in the field enjoy considerable independence. It is a definite policy of the Division to give the district supervisors as much freedom as possible. Unless appeals are taken to the Board of Review, they are the final source of grain grades. They may determine when a licensed inspector is out of line or when his equipment needs replacement and may even suspend a license pending an appeal to Chicago. Where some of the licensees are state employees—as is the case in Illinois—not under a civil service law, the efficiency of the inspection work is threatened every time a change in party control occurs. In attempting to limit the amount of turnover resulting from such shifts the Division depends upon the district supervisor in the first instance, aided by the general field headquarters only when it is absolutely necessary.

Enforcement of both the Produce Agency Act and the Perishable Agricultural Commodities Act is highly concentrated in Washington. The only field representatives of these activi-

ties, which are carried on by the same personnel, are located in Chicago and Los Angeles. These men are principally investigators in their areas for the central office. All complaints under both acts are lodged in Washington and are settled either by telegram or by correspondence, as is usually the case under the Perishable Agricultural Commodities Act, or with the assistance of investigators operating out of Washington, Chicago, or Los Angeles. The latter is usually the case where, as in Chicago, disputes arise between two dealers in the same market. This is particularly true under the Produce Agency Act, since it is virtually impossible for the Department to prove intentional fraud in court. Hence, the field man in Chicago must attempt to secure a settlement out of court by using criminal action under the Act as a threat. As a matter of policy a similar procedure is followed under the Perishable Agricultural Commodities Act, although the law grants far broader powers to the enforcing agency than does the Produce Agency Act. Nevertheless, excepting where both parties to a complaint are located in the vicinity of Chicago, the function of the field man is primarily not to settle controversies but to investigate alleged facts referred to him from Washington.

It should also be noted that where court action is taken it is handled, as in the case of the Grain Standards Act, by the Department solicitor in Washington. Issuance and cancellation of licenses are also taken care of in Washington, although the field men of the Division are instructed to report to the central office persons covered by the Act who do not have licenses.

Field representatives of the Packers and Stockyards Division also have little real authority in the administration of that Act, although enforcement is not so centralized as in the case just discussed. The Chicago office of the Packers and Stockyards Division is primarily a fact-finding agency or a "complaint bureau" rather than an organization supervising livestock marketing. Its primary function is to deal with specific complaints and to watch activities in the stockyards for

trade practices forbidden by the Act. It is the duty of the local supervisor to adjust such complaints, if possible, on an informal basis without resort to formal administrative proceedings or to court action.¹² In fact, this constitutes the major portion of the work in the local office.

In addition to these duties the local office does some routine investigation in connection with the issuance of licenses to market agencies and dealers, although the actual licensing is handled in the central office. Its responsibilities are similar with respect to the bonding of dealers. All rate-making and valuation work is handled either in Washington or by appraisers temporarily stationed in the field. Finally, it should be emphasized that, as in the case of the other regulatory acts discussed, all legal work involving hearings and the like is handled, not by lawyers stationed in the field, but by men sent out by the Solicitor's Office from Washington.

The administration of the Packers and Stockyards Act has not always been centralized, if early reports are to be trusted. Shortly after the passage of the Act, when it was in charge of the assistant secretary of agriculture, the district supervisors were grouped under four division supervisors. The latter were entirely responsible for the work of the men in the districts under their jurisdiction.¹³ This arrangement has not been followed since the Packers and Stockyards Administration ceased to be an independent unit of the Department in 1927.

Unitary overhead direction and decentralization.—The two bureaus of the Department which provide in their organization for co-ordination in the field are the Food and Drug Administration and the Commodity Exchange Administration. The organization of the former has not been materially altered in twenty-five years. During 1914 the country was divided into

¹² This is a policy which has been followed in the enforcement of the Act since its passage (see *Annual Reports of the U.S. Department of Agriculture, 1922* [Washington: Government Printing Office, 1922], pp. 570, 576; *Annual Report of the Packers and Stockyards Administration, 1924* [Washington: Government Printing Office, 1924], p. 6).

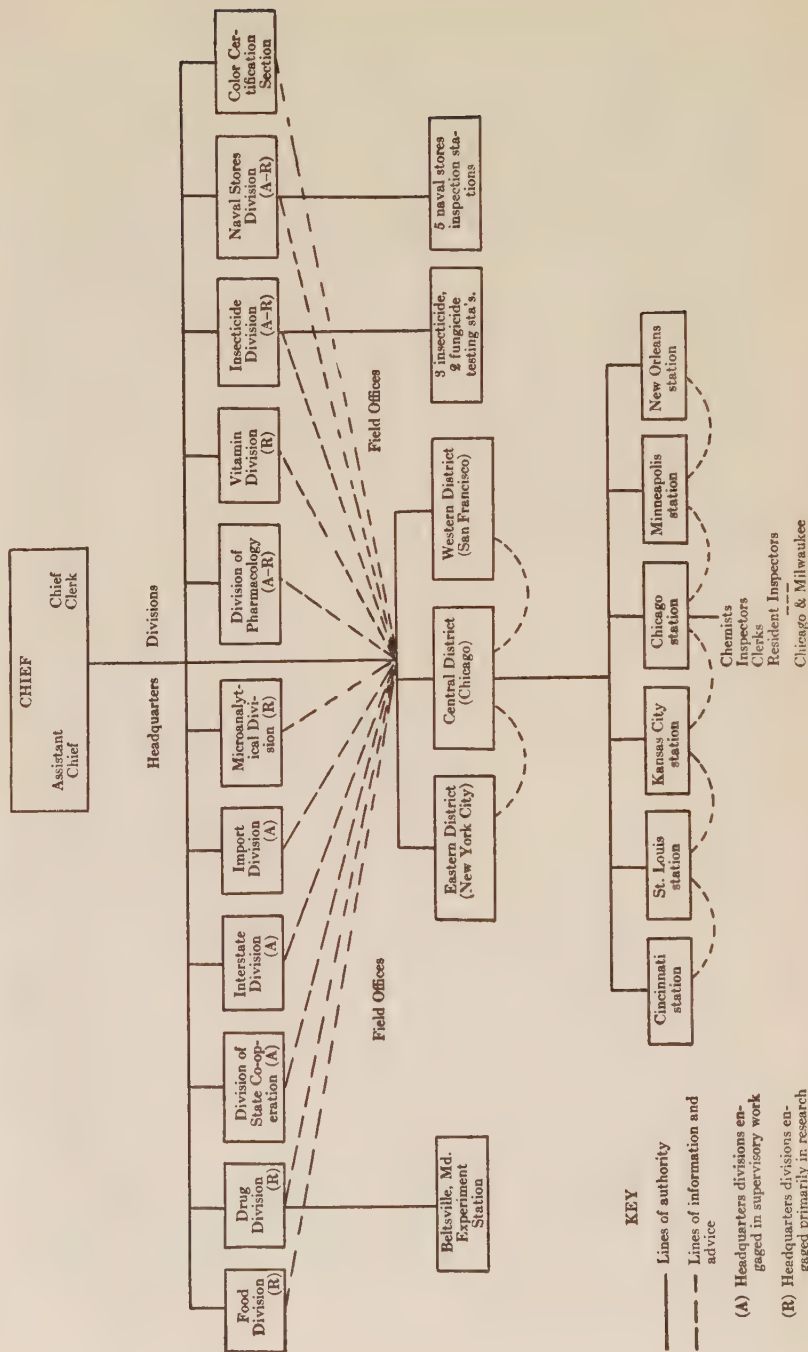
¹³ *Annual Reports of the U.S. Department of Agriculture, 1922*, p. 570.

three districts, each headed by a competent official who was to supervise all inspectors and laboratories in his area. Four years later the districts were subdivided into stations, and each of the latter was headed by a station chief who reported to the chief of the district in which he was located. Station chiefs were given authority over all chemists and inspectors in the station area, who had previously reported independently to the district chief (see Chart IV).

The Food and Drug Administration is so organized that the three chiefs of districts are of the same rank as the heads of the eleven research and administrative divisions located in Washington. Between the former and the latter there is a continual interchange of advice and suggestion, since the Washington divisions are set up primarily as service units for the field. For example, research is carried on both at headquarters and in the field. That requiring a long time and involving the use of much special equipment, such as analysis of the vitamin content of foods, is performed in Washington, although the demand for such research in a particular case may very likely come from the field. Research which is closely related to a particular enforcement problem is usually handled in the districts. Where it is necessary, however, to develop a technique for rapidly ascertaining the purity of a sample of food, independent or loosely collaborative work may be done in both places.

On relatively routine administrative matters the district chiefs deal with the central division chiefs directly without consulting the head of the Bureau. A similar relationship exists among the three district chiefs. For example, the orders of the head of the central district at Chicago to his station chiefs are also sent as memoranda to the heads of the other two districts, who may treat them as suggestions for handling their own problems. The same is true of the stations within the district, the heads of which deal freely with one another on routine matters and refer the more important ones to the district chief.

ORGANIZATION OF THE FOOD AND DRUG ADMINISTRATION, SHOWING TYPICAL FIELD ORGANIZATION



This relatively flexible administrative structure is necessitated not only by the comparative independence of the field men but also by the method by which the enforcement program is handled. In the execution of these programs the districts are relatively free to act as they see fit, adapting their organizations to the peculiarities of each case. Thus, the arrangements within each district will vary with (1) the number and size of the producing units of the industry affected which are located within its borders; (2) the concentration of consuming areas within the districts; (3) the usual conditions of production in the area, since production standards vary widely in different parts of the country; (4) the seasons during which violations are most likely to occur; and (5) the prevailing methods of transporting the products concerned to the marketing and consuming areas. It is the duty of the district chief, with the advice and assistance of the central divisions, to adapt his forces most effectively to those variables. In addition, he must be prepared quickly to adjust his program to unpredictable cases which may arise, such as outbreaks of food poisoning and the like.

The field force of the Bureau thus participates in the planning process, conducts factory inspections, and collects and analyzes samples. In the punitive work under the law its responsibilities are less extensive. In seizure actions the station submits all necessary information to the district chief, and, if he approves, the libel is submitted to Washington. If it is approved there by the central office and the solicitor, it is referred directly by the secretary to the United States attorney of the district in which the goods are located. Only in the case of certain highly perishable products, where there is reason to believe that the goods may slip from the officer's control, is the station or district chief authorized to deal directly with the district attorney. Where the station chief recommends criminal action and the district chief approves, the latter will instruct the former to cite the manufacturer or shipper to a hearing at the station to show cause why the case should not

be referred to the Department of Justice. The station chief then recommends whether the case should go farther, and, if the district chief agrees that it should, the matter is sent to Washington, where it is examined in conjunction with the Solicitor's Office. If the latter approves, the case is turned over to the Department of Justice for action.¹⁴

Largely because enforcement depended upon the field studies of the relatively unknown subject of future trading, the Grain Futures Administration (succeeded in 1936 by the Commodity Exchange Administration) has from the beginning shown a tendency toward decentralization. The Chicago office at present includes research, record examination, and supervision of the three exchanges in Chicago and the one in Milwaukee and is headed by a principal supervisor (see Chart V). The independence enjoyed by these supervisors is indicated by the fact that, while they keep Washington apprised of their activities and ask for authorization before taking steps of considerable importance, as experts "on the spot" they are expected to know when suggestion for action should be made to the exchanges. When legal action is taken, however, either in the form of cancellation of registration or criminal prosecution, all data are turned over to Washington to be handled by the Solicitor's Office there or through a man sent out to the field to hold hearings.

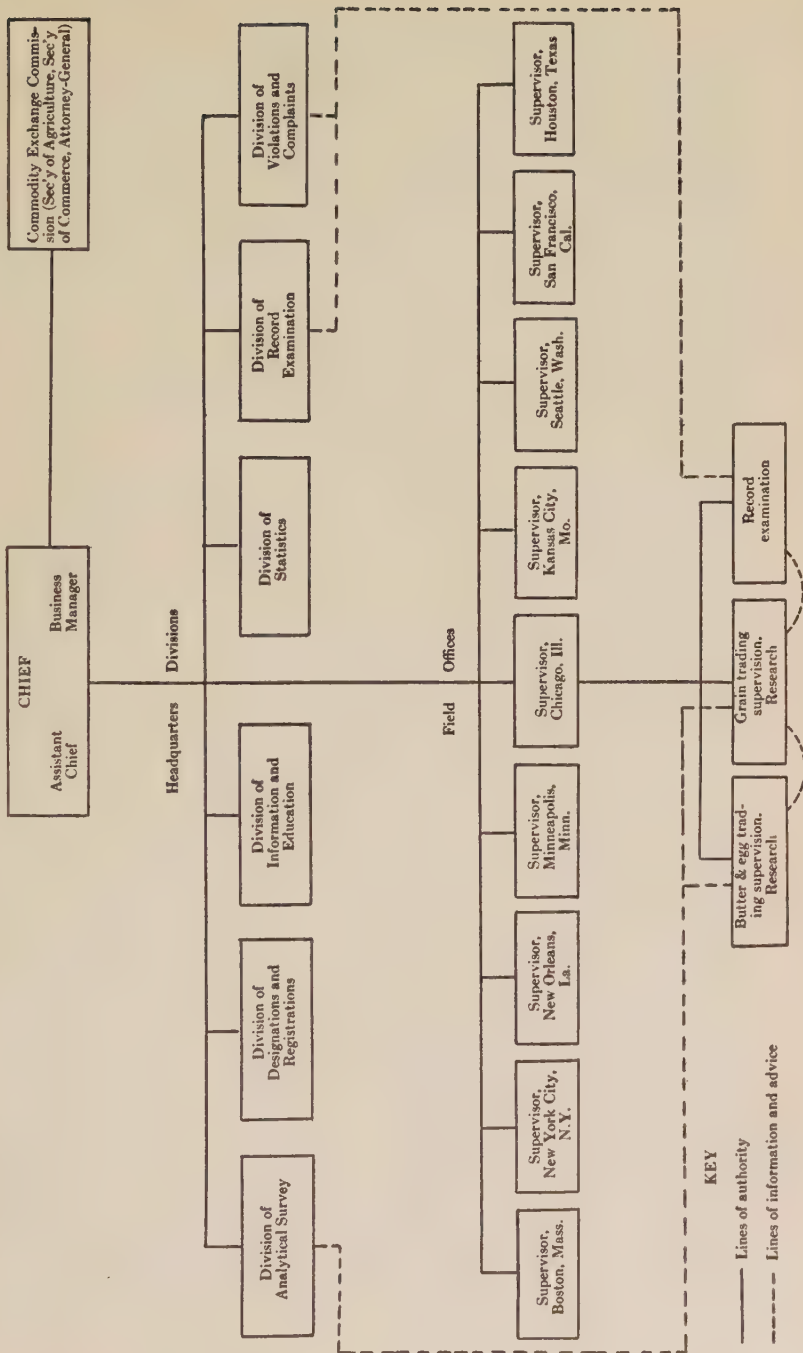
Registrations and renewals are all handled in Washington and some of the reports from market agencies are similarly dealt with, although the majority of these are sent directly to the field offices, where they are analyzed.¹⁵ The Chicago office

¹⁴ See Frederic P. Lee, "The Enforcement Provisions of the Food, Drug, and Cosmetic Act," *Law and Contemporary Problems*, VI (February, 1939), 70 ff.

¹⁵ Monthly reports on the business activity of commission merchants and reports on call of amount and nature of customers' funds held are filed in Washington. Also weekly reports from merchandisers, processors, and dealers in the products covered and their by-products are filed at headquarters because of the unusually confidential nature of the reports. They include (1) net cash position, (2) makeup of this position (stocks on hand, open purchase and sale commitments in the commodity, its products and by-products), and (3) open futures contracts held. Field offices receive daily volume of trading reports from clear-

CHART V

ORGANIZATION OF THE COMMODITY EXCHANGE ADMINISTRATION, SHOWING TYPICAL FIELD ORGANIZATION



sends to Washington daily teletype reports in code over a private wire, giving volume of trading in all futures of all grains and trading in those "special accounts" totaling two hundred thousand bushels or more. Also, until recently, all data on the designation of deliverable grades and on the supply of these grades in relation to open contracts in particular markets were assembled in Chicago covering all commodities under the Act and were sent to Washington.

The principal supervisor's position in the field is somewhat modified by the fact that the men engaged in the examination of records and in research are nominally directed by him but are to a considerable extent responsible to their technically trained superiors in Washington. It should be noted that, although the supervisor's position in this respect is not clearly defined, despite the fact that copies of all correspondence with Washington pass across his desk, when dealings with commission merchants or the exchanges are concerned the supervisor acts on behalf of the technical men to secure the compliance of the market agencies. These technical experts, however, are not rigidly controlled by headquarters.¹⁶

The supervisor's position is also limited by a situation which has developed as a result of the necessity for supervising two different kinds of future trading in Chicago—that in grains and that in butter and eggs. Because the principal supervisor in Chicago is a grain specialist, one of his immediate subordinates who has been trained in the marketing of dairy and poultry products devotes all his time to the Chicago Mercantile Exchange (butter and eggs). Moreover, because a knowledge of the commodity involved is apparently more important than the general aspects of future trading, supervision of the

ing members of exchanges, daily trading reports on "special accounts" (especially large lines) from commission merchants, members, and owners connected with such accounts (see U.S. Department of Agriculture, Commodity Exchange Administration, *Rules and Regulations of the Secretary of Agriculture under the Commodity Exchange Act* [Washington: Government Printing Office, 1937]).

¹⁶ Cf. *infra*, chap. v, p. 97.

butter and eggs man by the senior official is virtually non-existent.

At first both men dealt with the officials of the exchange; but, since the latter was forced to base his decisions on the former's reports, that formality was soon dispensed with. The two are located in different buildings in the city, and—aside from certain of the routine administrative matters, such as the purchasing of office supplies, which are handled jointly—the tie between the two offices is almost purely formal. Reports and correspondence dealing with the Mercantile Exchange are sent direct to Washington, although copies are sent to the principal supervisor. The headquarters office in Washington follows a similar procedure in return.

With this one exception, however, the Chicago office of the Commodity Exchange Administration operates as a unit as far as the objects of its activity are concerned. While the technical men are directed in part by the central office, they are the subordinates of the principal supervisor when dealings with the trade are involved. He speaks for the Commodity Exchange Administration and is looked on by the exchanges and their members as the responsible officer in Chicago. Moreover, were relations with the Mercantile Exchange less friendly, the principal supervisor would probably have more occasion to assist his subordinate in charge of butter and eggs trading. With the question of how to deal with the exchange practically eliminated, however, differences in the marketing of the two groups of commodities become more important and determine the character of the operating organization in the field.

From the above discussion one may cautiously conclude that, in general, the bureaus whose organization provides for co-ordination in the field are less closely tied to their central offices than are those whose field organization is in effect merely a projection of the headquarters organization. This generalization can be more accurately applied to the Agricultural Marketing Service, when compared with the Food and Drug Administration and the Commodity Exchange Adminis-

tration, than to the Bureau of Animal Industry. Moreover, within the former there are two activities—enforcement of the Grain Standards Act and the market-news services—in which a very considerable degree of authority is devolved upon the field organization. With these exceptions the characterization can be fairly applied.

It is most important to note, however, that this conclusion does not mean that the problem of decentralization would be solved if co-ordination in the field were provided by the other two bureaus. That type of organization is largely an evidence of decentralization; it is only secondarily and incidentally a cause thereof. Moreover, there are evident reasons why it is more difficult to co-ordinate the activities of these bureaus in the field. In the first place, they, and especially the Agricultural Marketing Service, perform a wide variety of functions, many of which are almost unrelated to the remainder excepting in the field of broad policy formation, a question which would inevitably migrate toward the central office. Second, the market-news and inspection work are closely connected with the work of inspection and reporting at production points—a function which in some cases is at once nation wide and whose center of operations is constantly shifting with the shipping seasons, known in the trade as “deals.” Thus the Chicago market for fresh fruits and vegetables is supplied by almost the entire country, and it would be practically impossible to define the work of inspecting and reporting on these products in Chicago in terms of subnational jurisdictions. Third, some activities, such as those within the Meat Inspection Division of the Bureau of Animal Industry, have territorial jurisdictions of widely different size. Thus, there are approximately one hundred and fifty points at which meat inspection is carried on in the country, while the laboratory work for all these stations is done at only seven field offices. There would be little value in providing for co-ordination of the meat-inspection and laboratory work at Chicago when the latter covers all federally inspected packing plants in seven states, unless all meat inspection in those seven states were similarly co-ordi-

nated. Finally, there are in the Agricultural Marketing Service, on the one hand, functions which depend for their effectiveness upon the wholehearted co-operation of persons in the trade and, on the other, activities which are distinctly restrictive or regulatory in character. While some informal co-operation may exist between these two groups, it is feared that the former may be seriously handicapped by formal co-ordination. These problems are generally similar to those confronting co-ordination of all of the Department's activities in Chicago. Further discussion of them will be postponed to a subsequent chapter.¹⁷

SUMMARY

The primary question to be answered in examining the relationships between this group of field offices and their headquarters is the extent to which their operations are centralized in Washington. It is virtually impossible, however, to secure a reliable standard against which these organizations can be measured for the purpose of determining the degree of decentralization. Various indices might be relied upon. The unitary type of field organization itself may be a criterion; the frequency with which the field agents refer questions to Washington for decision has much to recommend it, particularly when the importance of such questions is also considered; similarly, the number and specificity of the regulations under which the field men work may be a possible index; and the provision of machinery for handling appeals from field decisions may be useful. Each of these is subject to such shortcomings that it cannot be relied upon if used singly. If the entire group is used in combination, however, and, in addition, each unit is judged in terms of the nature and diversity of its duties, a fairly reliable judgment of the degree of decentralization can be formed. When these standards are applied to the bureaus under consideration, it appears that the two which have employed the unitary type of field organization have delegated more authority and responsibility to their branch offices than have the two which have used the multiple type.

¹⁷ See *infra*, chap. vii.

CHAPTER V

DECENTRALIZATION OF AUTHORITY AND RESPONSIBILITY: FACTORS FAVORING DECENTRALIZATION

THE preceding chapter has indicated that the four bureaus upon which particular attention has been concentrated and which perform functions closely related to the peculiar position of Chicago in the agricultural producing and marketing system evidence in varying degree tendencies both toward and away from decentralization. Moreover, it has been noted that within those bureaus which, as a whole, tend to be centralized certain divisions show a marked development in the opposite direction. Confronted with such conclusions, one naturally wonders just what factors there are in the organization and operation of the Department, these bureaus, or their divisions which foster these opposing trends. This chapter and chapter vi will be devoted to an analysis and discussion of such of these factors as the author has been able to isolate. Those mentioned will bear primarily upon the relations between headquarters and field offices; other influences less directly connected with these relations will be noted in subsequent chapters.

STANDARDIZATION

The maintenance of central control is admittedly one of the first problems to be solved in any organization which adopts a territorial basis of subdivision, particularly if it is considered desirable to accompany this with the greatest possible degree of decentralization. Moreover, our methods of communication have not quite supplanted the courier-dispatch system of reporting familiar to centuries of administrators. It would ap-

pear, therefore, that in those operations which are subject to rather constant detailed understandings between headquarters and field as to policies and procedures, decentralization can occur more easily than in those where such conditions do not obtain, other things being equal. The evidence collected in the author's investigations tends to support this point. It will be recalled that when a system of "precedents" had been established in connection with the inspection of imported foods and drugs, branch offices were permitted to take action on shipments without specific authorization from the central office, while decisions regarding interstate shipments, for which no such system had been set up, were all made at headquarters.¹

The outstanding instance of this type of situation among the Chicago field offices occurs in connection with the various market-news reports. The operations of these projects are well standardized. Definite data are collected according to established, though highly refined, methods. The form in which they are issued, the channels of publicity employed, and even the time of day when they are released have been carefully provided for. Receipts in Chicago are compiled primarily from reports received from the several railroads, arrangements for which co-operation are made by one man in the central office of the Bureau for all market-news services in all the markets. The fact that these activities are so standardized that they require little day-to-day supervision from Washington, however, does not mean that the field men are mere automatons. The effectiveness of the services depends not only on their knowledge of the workings of the various markets but also on their ability to retain the co-operation of operators in the market, upon whom the services rely for the indispensable price data on individual transactions. Because the actual issuance of reports is capable of standardization, the field men are able

¹ See *Annual Report of the U.S. Department of Agriculture, 1907* (Washington: Government Printing Office, 1907), pp. 383-84. It should be noted that this development was aided by the fact that court action is not essential to decisions on imports.

to carry on their duties in circumstances relatively independent of the central offices.²

REGULATION BY NEGOTIATION

The stereotype of public regulatory work is patterned after the policeman. It is, however, like most such general impressions, subject to serious modification. Several of the regulatory agencies covered by the present study depend less on such formal proceedings than upon informal negotiation or advice, at least in the first instance, and they all employ such methods to some extent. Where such is the case, it is usually the result of an administrative policy which sees as the primary purpose of the regulatory agency the correction or prevention of undesirable conditions and practices rather than merely the application of penalties for sins committed. Since negotiation is the key to such activity, it frequently happens that the responsibility for attempting informal settlement devolves upon the field man. Thus, even where the formal enforcement machinery is highly centralized, a considerable proportion of the agency's "regulatory" work may be carried on outside the central office.

There may be other factors which tend to foster such a policy, of course, principally limitations to effective formal enforcement contained in the law or applied by the courts. For example, the Produce Agency Act, as has been noted above, provides just such complications by requiring the enforcing officers to prove intentional fraud in order to obtain conviction. Consequently, at the end of the second fiscal year following the passage of the Act, only one case had been brought to trial.³ The result is that despite the centralization of enforce-

² In this connection it is interesting to note that V. O. Key found standardization to be the principal factor permitting devolution in federal-aid activities and reported that the Bureau of Public Roads, which conformed to this requirement, was the only one which gave any considerable degree of authority to its field offices (see *The Administration of Federal Grants to States* [Chicago: Public Administration Service, 1937], pp. 222, 224).

³ U.S. Department of Agriculture, *Annual Report of the Chief of the Bureau of Agricultural Economics, 1929* (Washington: Government Printing Office, 1929), p. 23.

ment of this law, those men who are stationed in the field (at Chicago and Los Angeles) must attempt to secure settlements informally, using court action as a threat which they know can but rarely be used. In 1930 approximately four hundred cases were received by the Bureau, and only thirty-four of these were referred to the Department of Justice for prosecution.⁴

That this policy is not entirely the result of legal complications, however, is indicated by the fact that under the Perishable Agricultural Commodities Act, whose enforcing powers are much stronger than those authorized by the earlier legislation, the effort of the Bureau still is to settle as many cases as possible without formal action. Most of this work, as chapter iv indicated, is centralized; but where the parties in controversy are located in his vicinity the Chicago man acts as investigator, negotiator, and arbitrator. On the basis of data submitted by both parties, he is able to tell which is in the wrong and to suggest a settlement. Formal action is resorted to only if one of the parties refuses to accept the suggested settlement or if the violation is such as to require disciplinary action—suspension or revocation of license—by the Bureau. The importance of this informal action can be seen in the report that in the past three years about seventeen hundred formal orders have been issued by the Bureau, representing approximately 20 per cent of the total complaints lodged. In 1937 alone 90 per cent of the twenty-four hundred complaints received were settled informally.⁵

Surprisingly enough, the Food and Drug Administration, which is the most frankly regulatory of the bureaus represented in Chicago, to some extent follows this policy of negotiation. Both district and station chiefs spend considerable time advising firms on how to market a fully legal food or drug product without risking punishment under the law. It is felt that

⁴ U.S. Department of Agriculture, *Annual Report of the Chief of the Bureau of Agricultural Economics*, 1930, p. 34.

⁵ U.S. Department of Agriculture, *Annual Report of the Chief of the Bureau of Agricultural Economics*, 1937, p. 19.

such action affords the public better protection than prosecution alone.⁶

Despite the fact that with respect to the broader aspects of the Packers and Stockyards Act the field men are given little independent authority, they are charged with the duty of attempting informal settlement of the many complaints made to them both by shippers and by competing agencies in the market. The debates in Congress preceding the passage of the Act indicated this as a desirable policy, and in the first report following its passage the Department declared itself in favor of "... handling . . . local matters through informal adjustment on the ground without the necessity for formal proceedings or reference of the matters in question to Washington before action is taken thereon."⁷ Wherever possible, the local supervisor attempts to avoid the extremely controversial stage of formal proceedings by suggesting changes in practices which may be productive of complaints and by negotiating informal settlements of complaints after they have been lodged.

The Commodity Exchange Administration is outstanding among the bureaus which attempt to accomplish the purposes of regulatory legislation as far as possible without formal action. Under this policy the local market supervisors are the key men in the Bureau's operations. While they keep Washington apprised of their activities and ask for authorization before taking steps of considerable importance, as experts on the spot they are expected to know when suggestions should be made to the Business Conduct Committee of the Board of Trade, and the corresponding bodies on the other exchanges, for action on their part.⁸ For example, when the local supervisor notes from reports that an account has become very

⁶ U.S. Department of Agriculture, *The Food and Drug Administration of the United States Department of Agriculture*, Miscellaneous Pub. No. 48 (Washington: Government Printing Office, 1936), pp. 11 ff.

⁷ *Annual Reports of the U.S. Department of Agriculture*, 1922, p. 570.

⁸ The designated "contract markets" are required under the Act to provide for the prevention of manipulation and other practices forbidden by the legislation (*U.S. Code* [1934 ed.], Supp. 11, title 7, sec. 5).

"long" or very "short" on a particular grain future, he will usually contact the Business Conduct Committee of the Board of Trade, who will frequently ask the member who controls the account to avoid increasing his holdings in that future.⁹ Similarly, the Board of Trade deals in the first instance almost always with the local supervisor, and it is the opinion of its officers that his authority leaves him relatively free to work out matters on the basis of his knowledge of the local situation.¹⁰

SITUATIONS REQUIRING QUICK ACTION

There is a difference in the control problem between the steady march of administrative events from day to day and those instances which demand immediate action without lengthy negotiation with the central office. While various methods are employed for assuring consistency with general policy in handling such emergencies, almost uniformly they provide for the exercise of final authority in the emergency by the field offices, as is the case among several of the agencies of the Department of Agriculture in Chicago. Perhaps most important of these is the Food and Drug Administration. While ordinarily there is nothing in the operation of this Bureau which demands speedy action and the delays attendant upon the operation of the administrative and legal processes are sometimes considered part of the punishment for violation of the law, where it is necessary to seize goods which are either highly perishable or are likely to be shipped beyond the jurisdiction

⁹ Cf. U.S. Department of Agriculture, *Annual Report of the Chief of the Commodity Exchange Administration, 1937* (Washington: Government Printing Office, 1937), p. 16.

¹⁰ While this method of dealing with the markets and their members by negotiation is primarily a matter of policy, it was practically necessitated in the early days by the fact that little was known about future trading and thus it was desirable at first to concentrate on individual instances of such known abuses as the dissemination of false or misleading information. Also, for a short period in 1936 the Administration was obliged to rely particularly heavily on informal and preventive measures, because the Supreme Court held that the Grain Futures Act applied only to violations in the making and not to completed offenses (*Wallace v. Cutten*, 298 U.S. 229 [1936]).

of the interested station before a libel can be issued from Washington it is desirable to have the field office able to take action on its own authority.

Certain phases of the Commodity Exchange Administration's work fall into this category. Where the reports indicate that a particular "line" is becoming unusually long or short, where a seriously mistaken piece of information is being issued on the tickers, or where the Chicago office observes a development which should be watched by some of the other offices of the Administration, it must take effective action without much delay.

This factor is also of some importance in the less directly regulatory functions performed in the city. Thus, if the meat inspectors or the pathological laboratory of the Bureau of Animal Industry discover evidence of one of the seriously contagious livestock diseases, such as hoof-and-mouth disease, the prevention of a widespread and disastrously costly epidemic demands immediate action.

In general, the occurrence of need for speedy action in the field is handled in one of three ways. Where facilities are available for rapid communication with headquarters without great expense and the matter is one which can be settled by such communication, the field office will ask for instructions from Washington. As has been noted previously, the market-news services in the Agricultural Marketing Service are assembled around a network of leased telegraph wires, and thus unusual matters in these activities can be referred at once to Washington and answered in a relatively short time. This method is also followed by the Food and Drug Administration in those cases where the field offices are not authorized to handle the matter independently. The reference of matters to headquarters for decision decides the conflict between control and decentralization in favor of the former, although it apparently provides in most cases for adequate treatment of emergencies.¹¹

¹¹ In this connection it is interesting to note that Gulick looks to the improvement of such technical facilities for the solution of the control-decentraliza-

Other methods of handling these situations allow for a greater degree of independence on the part of the field. Thus, it is not unusual to find that the branch office will take action and notify the Washington office afterward. The Chicago office of the Commodity Exchange Administration will ordinarily deal directly with the trading organizations, keeping Washington informed of its steps as they are taken, even when an emergency does not exist.

The conditions mentioned above in connection with the meat inspectors and the pathological laboratory of the Bureau of Animal Industry make it necessary for the local officers to notify, without instructions from Washington, the state and federal livestock quarantine officials in the area from which has been shipped an animal found to have a seriously contagious disease, including officials at any points at which the animal has been unloaded for rest or feeding. Comparable situations may occur in the inspection services, though they are infrequent.

Similarly, in the Food and Drug Administration the plans for the annual program of work always permit sufficient flexibility to enable the field men to turn at once to any emergency—such as a widespread food-poisoning outbreak, food and drug control in flood and other disaster areas, and the like. While the legal limitations on their freedom from central direction cannot be removed, they can proceed to investigate, collect samples, and with the aid of local authorities retain shipments pending action at headquarters.

A third method of handling these situations, which also results in giving the field men greater independence, is that of advance authorization for the ways in which certain specified types of cases shall be handled. This arrangement occurred early in the history of the market-news services, when it was

tion problem (L. Gulick and L. Urwick, *Papers on the Science of Administration* [New York: Institute of Public Administration, Columbia University, 1937], p. 33).

essential that certain reports be issued speedily if they were to be of any value to the industry.¹²

The arrangement is characteristic of certain classes of commodities dealt with by the Food and Drug Administration. Where a seizure action involves certain perishable commodities, for which quite definite standards have been established, the attorney-general has authorized the United States marshals to act on seizure orders direct from the field offices of the Food and Drug Administration. This avoids the delay involved in sending the matter up the hierarchy in the Department of Agriculture and down through the Department of Justice to the district attorneys. Butter and apples are among the products most frequently handled in this way.¹³

THE NECESSITY FOR INITIATING ACTION IN THE FIELD

There are many aspects of the daily operations of these bureaus which necessitate at least the initiation of action in the field. How far this proceeds toward the completion of action depends partly on the bureau's policy but also upon the nature of the function performed. In either case, however, the necessity for taking steps in the field operates as an influence toward decentralization. These various types of action may be divided into four groups: (1) participation in program-planning, (2) suggestion of changes in standard procedures, (3) suggestion of methods of dealing with particular cases, and (4) preliminary investigation in the field.

Participation in program-planning.—The necessity for including field workers in the process of planning annual programs results, in the cases here analyzed, from the complexity of the administrative job to be performed and from the fact that the planning process itself involves the selection from a large number of alternatives the particular projects which will contribute most effectively to the achievement of the agency's

¹² Cf. *Annual Report of the U.S. Department of Agriculture, 1919*, p. 448.

¹³ For the obstacles to an expansion of this category in the food and drug work see *infra*, chap. vi, p. 113.

purposes. The outstanding example of this type of arrangement among the bureaus of the Department in Chicago is the Food and Drug Administration. The plans for the annual projects almost always come up from the field, starting either in the district office or in the station or, more frequently, in the observations of a single inspector. But the share of the field in making these plans is not limited to the role of suggestion or even to that of assisting in the determination of the degree of "public interest" in each project. Before any proposal can become part of the general program, the field must make a careful survey of the industry involved to determine its geographical dispersion, the probable number and nature of violations, and their effect upon consumers and the trade. From this the field office which has performed the survey prepares a preliminary plan of action. At an annual conference in Washington of the heads of the central-office divisions and the district chiefs these surveys and preliminary plans are viewed in the light of their relative importance and of the technical investigations carried on in the Washington laboratories and are combined to make up the schedule of the year's main projects.¹⁴ Thus the field offices not only play an indispensable part in concentrating the energies of the Administration on those violations which most need correction but also prepare themselves for the complete co-operation of all parts of the organization. While the importance of this type of participation in the planning process is of great significance for the effective operation of this agency, its importance for general administrative management should not be overlooked. The value for morale and broad administrative efficiency of such wide contribution to a central plan is recognized by the leading thinkers in the field. John Gaus, for example, has written:

There is evidence from many quarters and from many kinds of activity and experience supporting the . . . conclusion that the best effort of the individual is not put forth unless he feels that he has some share in the

¹⁴ See U.S. Department of Agriculture, *The Food and Drug Administration of the United States Department of Agriculture*, pp. 3-4.

creating of that [principal] purpose [of the organization] or some participation in determining how that purpose shall be made effective by the organization of which he is a member.¹⁵

Suggestion of changes in standard procedures.—Where a planning activity such as that in the Food and Drug Administration has no place in the operation of an agency, the advantages of decentralization of that kind can nevertheless be approximated if the field officers suggest changes in standard procedures. This factor is of particular importance in the Department's grading and inspection work. It was briefly noted in chapter iv that it is necessary from time to time to revise the standards under which these agencies operate. The grain standards are typical in this respect. They are based partly on the assumption that over a ten-year period a certain percentage of the grain inspected will fall within each grade. Failure to accomplish this will be indicated by the number of appeals demanded and by grumblings and complaints from the trade. These conditions the field men are in a position to observe. As a result, impulses for changes in either rules or standards usually come up the hierarchy from the district supervisors or the general field headquarters. Somewhat similar conditions obtain in the other inspection services.

The decentralization which occurs in connection with changing the grades for inspected agricultural products is the result not only of administrative convenience but also of the fairly obvious fact that the field men, who are using the grades and are in constant touch with the trade partly for whose benefit they have been established, are in a position either to know or to find out the shortcomings of existing standards and the probable effect of those which have been proposed. The effect of a failure to realize this fact can be seen in the delay of almost a year in promulgating the new butter grades which have recently (1939) been adopted. The first set of changed standards which was proposed was based almost entirely on the

¹⁵ In J. M. Gaus, L. D. White, and M. E. Dimock, *The Frontiers of Public Administration* (Chicago: University of Chicago Press, 1936), p. 67.

predilections of the central office. Such a storm of protest was raised when they were presented to the industry that the chief of the Bureau was obliged to recall them and embark on an intensive field program designed to produce, with the co-operation of the trade, a more satisfactory set.

Handling particular cases.—Suggestions from the field of ways to handle particular cases are of the same character, although apparently less frequent, as those for changing standard procedures. Thus, in the Food and Drug Administration records of alleged violations are received for final action in the central office only after hearings have been held by the station chief and he and his district chief have reviewed the evidence and recommended the action to be taken.¹⁶ Similarly, where a complaint received by one of the field offices of the Commodity Exchange Administration is of such importance that it cannot be settled in the field in the usual way, the field men will nevertheless assemble all the relevant data and submit them along with their recommendations to the central office.

Preliminary investigation.—A fourth form of initiating action in the field is investigation prior to the decision of cases in the headquarters office. While this form obviously does not foster the degree of decentralization which accompanies the three which have just been discussed, the central officials are dependent for their decision upon the facts supplied by the field men, which involves to that extent the delegation of responsibility to the latter. Though of less importance than the others, it nevertheless deserves brief mention. It occurs in very nearly all the activities with which this study deals, and it is implicit in most of the forms which have already been mentioned. Obviously, it is the heart of the execution of the food and drugs legislation, and it is partly responsible for the slight evidences of decentralization in the enforcement of the Produce Agency Act and the Perishable Agricultural Commodities

¹⁶ See Frederic P. Lee, "The Enforcement Provisions of the Food, Drug, and Cosmetic Act," *Law and Contemporary Problems*, VI (February, 1939), 70.

Act.¹⁷ This activity is one of the continuous occupations of the field men in the Commodity Exchange Administration.

Like the Commodity Exchange Act, the Packers and Stockyards Act makes investigation the continuous concern of the field men, although in the latter case it is limited to trade practices. Moreover, while the two acts are similar in that they both attempt to eliminate undesirable marketing practices, the latter requires decentralized investigation of the market even more than the former. The records of transactions on the commodity exchanges can be and frequently are the sole source of evidence of manipulation or unfair dealing, while most of the undesirable activities in the stockyards are to be found in the wide variety of interpersonal dealings which do not appear in such records. Moreover, the commodity trading takes place in one small, though baffling, pit or group of pits, while the stockyards dealings cover a vast area. This combination of influences means that, even if final action on malpractice is taken in the central office, the investigation of trade practices, at least of those which take place in the pens, must be decentralized.¹⁸

RELATIONSHIPS WITH THE STATES

A fifth factor which sometimes fosters a trend toward decentralization is that several of the agencies in Chicago must in their day-to-day operations deal rather closely with officials of the state. The units in which formal working relations with state organizations are important are the market-news and inspection services of the Agricultural Marketing Service and the tuberculosis and Bang's-disease eradication in the Bureau of Animal Industry. The former work in dairy and poultry

¹⁷ See *supra*, chap. iv. It should be noted that this decentralized investigation involves the holding of formal hearings by field men only in the case of the Food and Drug Administration. In all other cases they are conducted by men sent out from Washington.

¹⁸ It was in part the alleged failure of the Bureau of Animal Industry to understand this fact which caused complaints from many sources during the period 1927-38, when administration of this Act was intrusted to that Bureau.

products and fresh fruits and vegetables is carried on under co-operative agreements. While these agreements are signed in Washington, they are sometimes negotiated by the field men.

Whether there is much contact with the state officials after the arrangement has once been set up depends largely upon the nature of the agreement. The important point here is that the negotiation of such programs is sometimes intrusted to the field men. In the tuberculosis and Bang's-disease work, where the state has more to do than merely to supply part of the funds, the co-operative agreements are always negotiated by the headquarters officials. Nevertheless, the field man in the state is given considerable freedom, once the program is agreed upon, to determine what promotional methods are to be used for the voluntary work and how rapidly the project is to be expanded. These aspects of the program must be worked out with the state administrators as the work advances, with the result that they can be handled properly only from the viewpoint of the national department by a bureau agent in the field.

Work with the states in grain inspection is limited to those states which, like Illinois, maintain their own inspection systems, whose employees are licensed by the federal agency. Contact with principal officials occurs when it is necessary to insist on replacement of faulty equipment in state inspection offices or to object to the wholesale dismissal of experienced employees following a change in party fortunes. In order to avoid the feeling on the part of state officials that "front-office" men in Washington or Chicago are interfering in state matters, this work is left to the district supervisors, with aid from the general field headquarters only when all efforts farther down the hierarchy have failed.

NECESSITY FOR DEALING WITH LARGE NUMBERS OF INDIVIDUALS

The agencies covered in this study do not, as a rule, have to deal with, and make decisions concerning, large numbers of

individual citizens. However, in the case of the few exceptions to this general proposition, the necessity for treating with numerous individuals seems to be influential in promoting decentralization.¹⁹ The operation of this factor can be seen in the work of examining the records of commission merchants to insure the segregation of customers' money which is carried on in the Commodity Exchange Administration. The number of these is so large that, at best, the local men can examine the records only twice a year, and, especially as the work was begun only recently, there is a variety of individual questions of a detailed nature to be determined. The result has been that, although headquarters has issued a set of general regulations, the Chicago office has been allowed considerable freedom in developing and operating its own audit program, which the New York office is now preparing to adopt. Similarly, in the voluntary promotional work for the elimination of Bang's disease the Tuberculosis Eradication Division of the Bureau of Animal Industry is contacting producers throughout the state. The local man must work out the agreement between the Bureau and the farmer so that it will produce satisfaction for the latter and thus assist the long-run success of the program. Thus, the responsibility for expanding the project rests almost entirely with the field office, if the farmer is not to become dissatisfied and spread mistrust of the program among his neighbors.

LIMITED PROBLEM AREAS

Decentralization is sometimes fostered where some aspect of the principal concern of the agency is limited in area to the immediate vicinity of the field office. In general, this accounts for the movement to the field in 1919 of the practical apex of the supervision and appeal hierarchy of the Grain Division of the Bureau of Markets (now the Agricultural Marketing Serv-

¹⁹ A recent study of British government departments indicates that this is a common characteristic of such functions (May H. Dhonau, *Decentralization in Government Departments* [London: Institute of Public Administration, 1938], pp. 134-35).

ice). With the general field headquarters centrally located within short traveling distance of the principal grain markets of the country, meetings of supervisors can be held more frequently, and appeals can be handled more speedily.²⁰ The consideration applies more specifically to the work of the Commodity Exchange Administration. From the beginning the status of its Chicago office has been influenced by the fact that for all practical purposes Chicago is the locus of the ills of future trading in grain. Of necessity the activities on the Chicago Board of Trade alone are more important than those on all other grain exchanges. Early in the history of the Grain Futures Administration this meant that the local supervisor was given authority to require the exchanges, frequently on the basis of the findings of the research men located in the field, to eliminate certain definite, known evils. As the Administration has developed, the Chicago market has continued to be a very different institution from the primarily cash grain markets—a fact of which the officials of both the Board of Trade and the Administration have been aware. As a result, the Administration still is dealing with a problem which, as far as grain is concerned, has its locus in Chicago. Moreover, since the passage of the Commodity Exchange Act in 1936, the Chicago Mercantile Exchange and its local supervisor have occupied the same position with respect to butter and eggs.

Similar conditions exist in some of the other agencies. Thus, one of the principal reasons for the slight modification of the centralized enforcement of the Produce Agency Act and the Perishable Agricultural Commodities Act is that since Chicago is the largest resale market in the country many of the complaints under these acts arise between two dealers in the Chicago markets rather than between a pair of dealers one of whom is a shipper located in the hinterland. Under such circumstances it is obviously desirable to have a man stationed in Chicago negotiate settlements of the disputes. Such factors have caused a trend toward field specialization in the market

²⁰ Cf. *Annual Reports of the U.S. Department of Agriculture*, 1919, p. 456.

news on dairy and poultry products and on livestock, meats, and wool.

TRAINING AND PROMOTION POLICIES

A final factor which should be included among the decentralizing tendencies is that which is the result jointly of training and promotional policies. It is placed in this group, not because it is common, but because, where a bureau favors the horizontal and vertical movement of personnel and bases such promotions upon or relates them to a careful program of in-service training, its field forces will be differentiated less sharply from its headquarters staff and it will be more inclined to increase the authority delegated to the former. An adequate training program, it need hardly be said, will increase the understanding throughout the organization of not only the specialized techniques involved but also the administrative problems it faces and the policies which it has developed. Combined with a promotional policy which includes frequent horizontal and some vertical movement, such a program can produce a co-ordinated organization in which the mere existence of field offices will have the same effect as formal devolution.

Probably few of the federal executive departments have seen fit to adapt to their purposes the army system of tours of duty, recommended for administrative organizations by Herbert Croly a quarter-century ago.²¹ The Department of Agriculture has no policy regarding horizontal transfers, although some of the bureaus have developed various policies and the Department Office of Personnel has recently interested itself in the problem.²² With respect to vertical movement, however, it has always been the policy of the Department to fill vacancies wherever possible by promotion from within the service, and recently it has established a system of informing employees of such vacancies and handling their applications.²³ Also, dur-

²¹ *Progressive Democracy* (New York: Macmillan Co., 1914), p. 375.

²² U.S. Department of Agriculture, Office of Personnel, *Bulletin of Personnel Administration*, No. 9 and No. 10 (Washington: Government Printing Office, November, 1938, and February, 1939).

²³ U.S. Department of Agriculture, *Annual Report of the Director of Personnel*, 1937, p. 4.

ing the last fiscal year there were in the Department 17,639 promotions within the grade and from grade to grade, representing approximately one-fourth of a total pay roll of 68,431.²⁴

Tables 2 and 3 will give some idea of the operation of the Department and bureau policies in this connection. The former shows for a nine-month period employee advancement in

TABLE 2

EMPLOYEE ADVANCEMENT IN THE UNITED STATES DEPARTMENT
OF AGRICULTURE FOR THE PERIOD JULY, 1938,
THROUGH MARCH, 1939*

Bureau	Total Grade Promotions	Adminis- trative Promotions	Total Promotions	Number of Employees	Percentage of Employees Promoted
Washington:					
B.A.E.	176	188	364	1,201	30.30
B.A.I.	25	50	75	318	23.58
C.E.A.	12	25	37	91	40.65
F. and D. . .	24	23	97	267	36.32
Others. . . .	1,097	1,594	2,691	9,364	28.73
Total . . .	1,334	1,930	3,264	11,241	29.03
Field:					
B.A.E.	268	215	483	1,687	28.63
B.A.I.	319	1,033	1,352	4,620	29.26
C.E.A.	12	16	28	124	22.58
F. and D. . .	17	130	147	499	29.45
Others. . . .	5,404	3,379	8,783	38,928	22.56
Total . . .	6,020	4,773	10,793	45,858	23.53

* Source: Office of Personnel, U.S. Department of Agriculture.

Washington and in the field for four of the bureaus individually and the rest of the Department collectively. In the same table the figures are also given for administrative promotions and for promotions within the grade. It is interesting to note that, excepting for the Bureau of Animal Industry, the percentage of employees promoted was uniformly higher in Washington than in the field.

Table 2 indicates vertical movement but does not show

²⁴ *Ibid.*, 1938, p. 4.

movement horizontally from the field to Washington and vice versa. These figures are given in Table 3 for the five-month period from December, 1938, through April, 1939. While these figures are not given by bureaus, an analysis of transfers during April, 1939, showed that none of the four bureaus on which this study has concentrated were involved in the twelve transfers from Washington to the field and that only three of the ten from the field to Washington were so connected. One in-

TABLE 3

TRANSFERS OF PERSONNEL BETWEEN WASHINGTON AND THE FIELD IN THE UNITED STATES DEPARTMENT OF AGRICULTURE FOR THE PERIOD DECEMBER, 1938, THROUGH APRIL, 1939*

Month	Washington to Field	Field to Washington	Total
December, 1938...	6	9	15
January, 1939....	12	11	23
February, 1939....	6	12	18
March, 1939.....	4	6	10
April, 1939.....	12	10	22
Total.....	40	48	88

* Source: Office of Personnel, U.S. Department of Agriculture.

volved transfer of an employee of the Bureau of Agricultural Economics to another bureau's Washington office, and there were two transfers from the field to Washington within the Food and Drug Administration.²⁵

To indicate the importance of transfers between the field and Washington it should be noted that they are relatively few as compared with the total personnel of the Department. Such transfers represent approximately 0.01 per cent of the total. As the employees in the four bureaus which have been the particular concern of this study are only a small part of

²⁵ Analysis made in the Office of Personnel.

the total for the Department's thirty bureaus, it is apparent that the number of such transfers affecting the former is relatively low.²⁶

The policy of the Food and Drug Administration in respect to transfers is outstanding.²⁷ Service records for each man in a station are kept by the station chief, and these are reviewed personally by the chief of the district. They are considered at a meeting in Washington, attended by the chiefs of all three districts, before a promotion to one of the more important positions is made. The Bureau's policy and experience can be summarized in the following words of the assistant to the chief of the Food and Drug Administration:

The Food and Drug Administration has found that the transfer of men within the organization from station to station can be made the means of promoting the effectiveness of operation and increasing the efficiency of the individuals transferred. . . . Most of the members of the field staff of the Food and Drug Administration who now occupy key positions have served at different times in four or more cities. . . .²⁸

Among the other bureaus which have established policies of transfer are the Bureau of Animal Industry, the Forest Service, and the Bureau of Entomology and Plant Quarantine. While these policies vary considerably, they usually are applied primarily to employees in the junior grades.²⁹

Training and promotion, both vertical and horizontal, are closely related—even interdependent. The latter, especially horizontal transfer, may be one of the methods of training, and the former is usually the indispensable prerequisite for a successful promotion policy. All the bureaus upon which this study has concentrated carry on some training work. Again, the most interesting and most extensive is that of the Food and Drug Administration. At the stations chemists are given

²⁶ Data from a letter to the author from P. W. Melton, training specialist, Office of Personnel, June 14, 1939.

²⁷ *Supra*, chap. iv, p. 73.

²⁸ U. S. Department of Agriculture, Office of Personnel, *Bulletin of Personnel Administration*, No. 9, p. 2.

²⁹ *Ibid.*, Nos. 9 and 10, *passim*.

courses in all phases of the Bureau's operations for the specific purpose of preparing them for promotion, and seminars are held for the laboratory staffs dealing with a review of scientific literature. At the district headquarters new inspectors are trained in fraud statutes, typical cases, and the "philosophy of consumer protection." In addition, station chiefs are sent to other offices or to Washington without any assigned duties to familiarize themselves with the administrative procedures involved in handling the wide variety of problems occurring in the enforcement process. These details have been described as follows:

They remain in the other station a length of time which is largely determined by the progress of the employee. They are expected to examine minutely the details of the administrative management of the other station and to adopt those procedures which appear to be handled better in the station they are visiting. At the same time they are expected to discuss in detail those procedures which have been adopted in their own station and which in their opinion the other station could adopt with advantage. During the several weeks' stay in Washington they spend a day or so with the chief of the bureau, with his assistants, and with the heads of the various divisions. They participate actively in the handling of correspondence and in each regulatory problem which may arise. They observe the conduct of interviews with representatives of the industry and with others who may have business with the official to whose office they are assigned. The station chiefs are subjected to this training course one at a time.³⁰

In the Agricultural Marketing Service various technical programs have been carried on.³¹ The Bureau of Animal Industry at Chicago has held conferences for supervisors of meat inspectors, dealing with administrative procedure and recent technical developments. Also, the larger field stations of this bureau, like that in Chicago, hold seminars for meat inspectors which cover technical problems, practices, and regulations.³² The Commodity Exchange Administration during 1938 held a

³⁰ U.S. Department of Agriculture, Office of Personnel, "Training Projects in the United States Department of Agriculture" (mimeographed; Washington, 1938), p. 2; see also pp. 8, 17, 20.

³¹ *Ibid.*, p. 9.

³² *Ibid.*, pp. 3, 7.

seminar in Washington for field technical staffs and division leaders, training them in the interpretation of the various provisions of the Act.³³ In addition, some training work of an informal sort was carried on in the Chicago field office of the Commodity Exchange Administration.

Because these training programs are, in general, very limited in scope and because the policy of horizontal and vertical promotion is usually very narrowly applied, they do not bridge the gulf between headquarters and field. One cannot talk with men in the field offices of the Department without becoming conscious of the almost universal feeling of difference that appears to separate the departmental and the field services. One man who had been "around the circuit"—that is, had been transferred from one field post to another during his thirty years of service—stated that the shift from the field to Washington is more common than that from Washington to the field. He felt that it takes a particular type of temperament to "get along" in Washington and noted that once men get to the capital they usually stay there. Another stated that the officials of his bureau had tried on several occasions to transfer him to Washington but that he had objected because he had seen too many men "go academic" when they moved to the capital and he felt a desire to "keep close to the trade." These examples are typical and serve to support the point made earlier—that training and promotional policies have in most cases been developed only partially, with the result that their value in fostering decentralization has not been used. It seems significant that in one of the agencies in which a high degree of decentralization was indicated—the Food and Drug Administration—training and promotional policies also have been rather thoroughly developed.

SUMMARY

Perhaps more important in the long run than a judgment as to the degree of centralization or decentralization in a group

³³ *Ibid.*, p. 8.

of organizations is the isolation of those factors in the structure and operation of the group which foster trends in one direction or the other. The present chapter has been devoted to an examination of the decentralizing tendencies in the Department of Agriculture and in those bureaus and divisions which have been the center of attention in this study. These tendencies, it should be noted, are sometimes the result of the peculiarities of the function performed by an agency or of the problems with which it is dealing, but not infrequently they are a consequence of deliberate policy.

The decentralizing factors which have been isolated in this study are eight in number: (1) standardization of policies and procedures; (2) regulation by negotiation; (3) meeting situations requiring immediate action; (4) initiation of action in the field through the planning process, the suggestion of changes in procedures, the proposal of policy in particular cases, and the conducting of preliminary investigations; (5) intimate continuing relationships with state officials; (6) the obligation to deal with large numbers of individual citizens; (7) concentration of the symptoms of a general problem in a limited area; and (8) training and promotional policies.

It should be emphasized that these decentralizing factors do not all apply to all the Chicago offices of the Department. Moreover, because one of them can be associated with the work of a particular agency, it must not be concluded that the factor is characteristic of that unit. The Department of Agriculture, like most complex organizations, evidences tendencies both toward and away from decentralization. Within any bureau or division decentralizing factors may be superior, equal, or subordinate to those favoring centralization.

CHAPTER VI

DECENTRALIZATION OF AUTHORITY AND RESPONSIBILITY: FACTORS FAVORING CENTRALIZATION

BEFORE complementing the discussion of the factors tending toward decentralization in the operation of the bureaus located in Chicago with a treatment of the centralizing tendencies which this study has disclosed, one general point should be made. This is that behind most of the factors which it has been possible to document, and in addition to them, is the elusive but nonetheless important factor of administrative resistance to delegation. It is not, of course, peculiar to the Department of Agriculture, for the frequency with which it is met in all organizations, large or small, public or private, indicates that it can almost be assumed as one of the basic constants among the problems of administration.¹ Nor is this resistance always directly the fault of headquarters executives, for one is struck in talking with various officials in the field by their quite common unwillingness to accept responsibility. Probably this is at times the result of personal inadequacy on the part of the field men, but probably it stems more frequently from habit and tradition, a failure to adapt administrative methods to the gradually increased size and complexity of the organization.

THE NEED FOR UNIFORMITY

Outstanding among the more tangible influences favoring centralization is the need for uniformity.² The demand for uni-

¹ Cf. L. Gulick and L. Urwick, *Papers on the Science of Administration* (New York: Institute of Public Administration, Columbia University, 1937), p. 30.

² Cf. May H. Dhonau, *Decentralization in Government Departments* (London: Institute of Public Administration, 1938), p. 14.

formity, moreover, grows as the marketing process becomes more complex. Changes in transportation, refrigeration, and other techniques may transform what were regional or local situations into a national or an international pattern. Uniformity of language and treatment are essential if the resulting interdependence is not to produce chaos. Even where centralization results, therefore, it may be the only alternative to complete ineffectiveness.

Uniformity is particularly evident among the grading and inspection services, and reasonably so, since the need for standard grades, uniformly applied, is their *raison d'être*. For example, since the object of the Grain Standards Act is uniformity, there is in its execution less adaptation of general rules to specific cases than can be found in other types of work.

Appeal systems.—The means of enforcing this uniformity is to be found in the appeal systems employed by the various services. The most highly organized is that involved in the supervision of grain inspection, since handling appeals and checking inspection efficiency are the heart of the work. Immediately upon the passage of the Grain Standards Act in 1916, the country was divided into a number of supervision districts. The duties of the supervisor and his staff in each of these districts are to grade samples on appeal from the grades assigned by the inspectors, who are licensees, not employees, of the Department and to check the uniformity of nonappealed grades by grading check samples taken at random and by inspecting the accuracy of equipment used by licensees. Next in the structure are the field headquarters located in Chicago, Illinois, and Portland, Oregon. The boards of review in these cities grade samples submitted on appeal from the grades assigned by district supervisors, as well as a certain percentage of samples which are not appealed but are submitted by the district supervisors to check on the accuracy of their equipment and judgment. For all practical purposes these boards constitute the peak of the appeal hierarchy, although appeals can be taken to the Washington office and even to the secretary.

This step from the district supervisors immediately to the boards of review indicates that the supervision is quite closely held and centrally directed. Experiments modifying the arrangement, however, have been proved to be failures.³

While the necessity of insuring uniform grain-grading thus tends to centralize authority in the field headquarters, it is limited probably about as much as is possible by the location of the final appeal authority in the field rather than in Washington, and the extent to which this is used is more dependent on the desires of the grain dealers than on the policies of the Division.

In the other inspection services the appeal procedure is less formally established, involving in most cases merely a request to the next higher official for a reconsideration of the previous grade. The steps thus are from the inspector to his supervisor in the field and from the latter to the headquarters office. Variations exist among the various services, however, in the authority exercised by the field supervisor. In the inspection of fresh fruits and vegetables, for example, the supervisor on the Chicago market cannot overrule an inspection made at a shipping point without approval of the specific case from Washington. The reason for this is that lots from a single shipping point may be shipped to a dozen different markets. The supervisors at these receiving points may correct any misgrading which has occurred, but they will not be able to tell whether it is due to inevitable, occasional error or whether the shipping-point inspector is out of line on all his work. If cases are referred to the central office from all receiving points before they are overruled, however, repeated misgrading can be noticed quickly, and the shipping-point inspector can be warned at once before further damage is done. It is not apparent why

³ From 1917 until about 1931 five of the district supervisors were designated as traveling supervisors, in addition to the work in their own districts. They constituted an appeal point between the supervisors and the field headquarters. It was found that these supervision districts guaranteed only a uniform regional error in grading rather than national uniformity, and for this reason they were discontinued.

this requirement could not be satisfied by notifying the central office of overrulings after they have been granted by the field office. Such appeals, however, are not frequent, and when they do occur the field supervisor's tentative appeal grade is usually upheld.

Since the grading of canned fruits and vegetables is relatively new, the volume of appeals is even smaller than in the case of fresh produce, and there is thus no need for a procedure even as complicated as in the latter. The three regional supervisors are authorized to grade appeals without specific approval from Washington, and appeals are almost never taken beyond them to Washington. In butter-grading, disputes between inspectors and clients are usually discussed immediately by the parties concerned. If either one so desires, the matter will be taken to the supervisor in Chicago, whose decision usually closes the question. The meat-inspection work is compulsory, while the grading services, with the exception of grain, are voluntary, and it is concerned with wholesomeness rather than with degrees of quality above that point. While it might be expected that appeals would be fairly frequent and while they can be taken beyond the district supervisor, they are rare.

Visits from superior officers.—It should be noted that uniformity of this sort is not always enforced only by centralization of final appeal authority. In the fresh fruits and vegetables inspection and in the Bureau of Animal Industry the field supervisors and the traveling inspectors, respectively, keep the field stations operating consistently with the general standard by their periodic visits. While the latter report their findings directly to the central office, they will usually suggest correction of any outstanding discrepancy without referring the matter first to their superiors. Also, in the grain-inspection work the checking of the accuracy of grading apparatus is frequently done through visits to the offices of the district supervisors. In many of the other agencies, moreover, the visits of superior officers from Washington—less frequent in many cases than

would be desirable—are a means of assuring a satisfactory degree of uniformity.⁴

Handling violations of regulatory laws.—The demand for uniformity also is evidenced in handling alleged violations of some of the regulatory laws. Thus, in the Food and Drug Administration final decision as to whether legal action should be taken is made in Washington both with respect to criminal actions, where the evidence must indicate guilt beyond reasonable doubt, and, with the exception of the few perishable products noted earlier, with respect to seizure actions, where a preponderance of evidence alone is sufficient to secure condemnation. This is owing partly to the fact that any legal action taken by the Bureau may constitute a precedent for future decisions, in which case a uniform policy as to what constitutes a violation is desirable.⁵

A somewhat similar situation exists in the grain-inspection work. For the purpose of preventing the conversion of damaged or unwholesome grain into food for human beings, the head of the general field headquarters and his principal assistant have been given the authority of food and drug inspectors.⁶ While the licensed grain inspectors and the district supervisors are instructed to submit samples of grain which they suspect is of this variety, the two men in the Chicago office have final authority with respect to condemnation. The principal reason for this is that since decision as to "fitness for mixing" is of necessity arbitrary, it is desirable to have one person or two acting in concert as final authority in order to avoid discrimination and lack of uniformity. This procedure differs from that in the Food and Drug Administration proper, however, in that no legal action is taken unless the owner of the grain fails

⁴ Dhonau has pointed out that in at least one of the departments covered by the study of headquarters-field relationships in England the principal influence for uniformity is provided by visits from headquarters officers to the district offices (*op. cit.*, p. 73).

⁵ Cf. *infra*, pp. 112-114.

⁶ For a discussion of this arrangement between the Grain Division and the Food and Drug Administration see *infra*, chap. vii.

to dispose of it in some other way than by mixing for human food. Such failure is so rare that these men practically are the final authority in applying the Food and Drugs Act to whole grain.⁷ Similar considerations of uniformity are in part responsible for the concentration in the general field headquarters of final authority to cite an inspector or dealer for violation of the Grain Standards Act.

Licensing.—Closely related in its influence upon centralization to uniformity in the handling of prosecutions is that which is required in licensing. The issuance of a license might be termed the obverse of a prosecution, but it is governed by most of the same considerations, especially where the refusal to issue a license is in the nature of a punishment. In all those agencies which issue licenses, including the Bureau of Animal Industry whose granting of inspection is a *sine qua non* for an interstate business in meat, the issuance, renewal, and cancellation of licenses is handled in the central office. The part played by the field men is limited to investigation and recommendation.

Legal limitations on delegation.—An influence toward centralization which may be classified under the heading of uniformity but which also derives from the influence of the courts upon administration is that which prevents the secretary from delegating any considerable amount of authority for making decisions and orders under the various regulatory laws. The outstanding example in recent years of this sort of limitation on delegation is the Kansas City stockyards commission-rate case under the Packers and Stockyards Act.⁸ The circumstances of the case can be indicated briefly. In 1930 the then secretary of agriculture began an examiner's inquiry into the reasonableness of charges of market agencies in the Kansas City stockyards. After a second hearing before the examiner, which was ordered

⁷ The only case in which court action has been taken because of failure to divert condemned grain to uses other than human consumption, as far as the Department reports indicate, occurred in 1930 (*Annual Report of the Chief of the Bureau of Agricultural Economics, 1930* [Washington: Government Printing Office, 1930], p. 45).

⁸ *Morgan v. U.S.*, 298 U.S. 468 (1936) and 304 U.S. 1 (1938).

in 1932, the case was argued before Assistant Secretary Tugwell in March, 1933, and in the following June the secretary signed an order prescribing a substantial reduction in rates. Suit was brought in the district court to enjoin enforcement, claiming, among other things, that a full and fair hearing had not been afforded because the defendants had not been permitted to argue the case before the officer who signed the order. The court sustained the government's motion to strike this allegation from the bill. The Supreme Court, however, in its first opinion on the case held the lower court in error for striking out the claim and directed it to determine whether the complainants had received a full hearing. When the lower court again sustained the order on its merits and declared that a full hearing had been granted, the commission merchants again carried the case to the Supreme Court, which reversed the lower court without passing on the merits of the case. It held that there was a vital procedural defect in that the market agencies were not given an opportunity to know the claims of the government and present argument thereon before the officer signing the order. Although the Department had modified the procedure followed under the Act before the second opinion was handed down,⁹ its effect was to increase the duties performed directly by the secretary and to foster a trend toward centralization by limiting the powers which could be delegated.

THE AUXILIARY SERVICES

The demand for uniformity is an influence toward centralization which is ordinarily the result of factors inherent in the functions performed by an agency. In a different class is the tendency in that direction fostered by the auxiliary services of the Department, such as law, personnel, and research. Unlike the demand for uniformity, it is primarily a matter of organizational arrangements bearing no very direct relation to the es-

⁹ U.S. Department of Agriculture, Bureau of Animal Industry, *Rules and Regulations for Carrying Out the Provisions of the Packers and Stockyards Act, 1921, as Amended*, B.A.I. Order 364, effective March 1, 1938 (Washington: Government Printing Office, 1938), pp. 18-19.

sential functions of the institution. During the last two decades there has been a marked trend in American public administration in the direction of setting up such services in department-wide and government-wide units independent of the "line" agencies.¹⁰ While this movement has undoubtedly been of tremendous value in so far as it has made the chief executive a responsible manager, there is some question as to whether, in the effort to improve the tools of overhead management, the efficient operation of the line agencies has not been neglected. Certainly in most cases the proper relationship between the technical auxiliary services and the operating agencies has not been developed.¹¹ As far as the field services are concerned, the problem is perhaps less that of having another agency performing functions which are an integral part of its own operations than that of having to depend on such an agency when the latter's activities are almost entirely concentrated in the capital.

In the case of legal work the situation is made even more serious by the circumstances which have exaggerated the role of law and the lawyer in American public administration. Leonard D. White has described the situation admirably:

In the United States there is an emphasis on the right to be heard, an exaggeration of legal correctness, and in consequence an accentuation of the lawyer in administration which pushes the doctrine of the rule of law farther than in other countries. An administrator must above all be on sound legal ground; he may exceed his budget but he cannot borrow from the courts.¹²

The Office of the Solicitor of the Department of Agriculture, which performs all the legal work of the Department and

¹⁰ Leonard D. White, *Trends in Public Administration* (New York: McGraw-Hill Book Co., 1933), pp. 333-34 and *passim*.

¹¹ Leonard D. White, *Introduction to the Study of Public Administration* (rev. ed.; New York: Macmillan Co., 1939), p. 80. For an illuminating analysis of the problem of properly relating technical and operating agencies see L. Urwick, "Organization as a Technical Problem," in Gulick and Urwick, *op. cit.*, pp. 49-88.

¹² *Introduction to the Study of Public Administration* (rev. ed.), p. 32.

handles all its contacts with the Department of Justice, is organized into ten divisions, of which only four have attorneys regularly stationed in the field. Of these, one group handles the legal problems of the Forest Service—an arrangement which has been continued since the solicitor took over the district law offices of the Forest Service in 1910.¹³ A second deals with marketing agreement programs, a third with land acquisition, and the fourth with the legal problems of the Farm Security Administration. All the other legal work of the Department—with a few minor exceptions where some of the men mentioned above are assigned special tasks for other agencies—is handled either entirely from Washington or by attorneys detailed to the field for short periods on particular cases. It is significant to note that there is no representative of the Solicitor's Office permanently stationed in Chicago, although it is a center for the administration of some of the most important regulatory laws intrusted to the Department.

Evidences and effects of this organization of the Solicitor's Office have already been mentioned in connection with some of the activities in Chicago. Thus, in the Grain Division of the Agricultural Marketing Service, in other respects enjoying a rather considerable amount of freedom, citations for violation of the Grain Standards Act drawn up in Chicago must be submitted to the solicitor in Washington for action.

Legal actions in this activity are relatively infrequent, however. In the Food and Drug Administration the situation is somewhat different. The volume of litigation initiated by it is considerable, yet all action on both seizure and criminal counts must be taken through the Washington office of the solicitor. The only exception, as noted previously, occurs in the case of seizure actions against a few perishable products for which quite definite standards have been established. The only handicaps to prevent the expansion of this category, when legally enforceable standards under the new act have been estab-

¹³ *Annual Report of the U.S. Department of Agriculture, 1910* (Washington: Government Printing Office, 1910), pp. 793-95.

lished, will be the unwillingness of the Department of Justice and the solicitor. While both the field and the heads of the Bureau in Washington value the check on the sufficiency of evidence for seizures which do not come within the above classification, the fact that requests for seizures usually go out one day by wire and come back the next indicates that approval is rather a routine matter.

While the centralization of criminal prosecution is more understandable than that of the purely civil matter of seizure, the undesirable effects of centralization are evidenced there also, as the Solicitor's Office apparently has a very conservative influence on the activities of the Food and Drug Administration, stemming from the disinclination of the lawyers to start a prosecution which they are not sure they can win. All the field men know of the situation is that cases assembled with great labor and care by them are often refused when they get to Washington. In addition, whole projects are frequently eliminated from the Bureau's annual schedule because the solicitor refuses to agree that they are covered by the law.

As has already been noted, the situation with respect to the Commodity Exchange Administration parallels that of those previously discussed. Legal action under this legislation is not frequent, and in order to be "correct in matters of law" it is handled entirely from Washington. Usually all the data to be used as evidence are assembled in Chicago, and a lawyer will be sent out to prepare briefs and supporting data. Hearings are also conducted by lawyers detailed temporarily from Washington.

A final example of the influence of centralized legal work upon the field is to be found in the enforcement of the Packers and Stockyards Act. Arrangements with the Solicitor's Office covering prosecutions and hearings are like those of other agencies, and the resentment of the field men against the Department's lawyers is strong. They complain that when they have developed an excellent case, it is often thrown out when it reaches the Solicitor's Office. One of the principal reasons for

this is undoubtedly that the stockyards, like the grain exchanges, are a mystery to one who has not had some specialized experience in observing them. This is especially noticeable to the field men when an examiner or attorney is sent from Washington to hold a hearing on an alleged violation of the Act. The operations in the stockyards are unique, and the regulation of them is thus so technical that it is difficult to show a lawyer whose knowledge of the yards is very superficial just how a violation has occurred. At times the field men even have to explain the actual physical workings of the yards to an attorney sent out to try a case. This is particularly disturbing when the field men can usually count on getting an examiner who has never been out before.

While it is undoubtedly true that many of the specific complaints of the field offices are unwarranted and that many of the individual cases which are refused are really not legally sound, it is nonetheless true that the efficiency of enforcing these regulatory laws would be improved, both on the part of the field man and on that of the lawyers, if one or more representatives of the Solicitor's Office were stationed in Chicago. Such men not only could be the means of decentralizing and speeding the approval of such matters as seizure actions under the Food and Drugs Act but also could work closely with the field agents of the operating units, one learning how to adapt the preparation of cases to the legal requirements and the other becoming familiar with the peculiarities which make the regulation of these markets highly technical. At the present time the technicalities of the law and those of market supervision seem to be hopelessly opposed, and what is needed is an organizational arrangement which will facilitate their co-operation. The purposes of the laws will be better served by an organization which will facilitate the discovery of ways of making the law cover all violations than by one which places a premium on preventing the Department from embarking on prosecutions which it cannot win. It is entirely too easy in setting up an organization to provide for "paper" specialization in "mar-

keting" or "trade practices" to overlook the unique factors and individual variations which can make the regulation of trade practices in one commodity market so different from another as to present an almost totally different problem and which can be dealt with adequately only through familiarity with the physical operations of the markets. The Office of the Solicitor has apparently failed to take such considerations into account.¹⁴

The personnel work of the Department is divided between the operating bureaus and the Office of Personnel, the former doing their own appointing, the latter handling classification, placement, retirement, and like operations, and acting as liaison agent between the Department and the Civil Service Commission. The Office of Personnel has no field organization, and its contacts with the field offices are few. Recently, the classification staff of the Office has extended its activities to include personal inspection of the duties performed in the more important field stations, and an attempt has been made to conduct periodical detailed inspections of field stations.¹⁵ It also conducts special investigations into personnel and management matters in the various field offices, the number of which during the last fiscal year prevented the extension of the periodical inspection program just mentioned.¹⁶

It thus appears that as far as the field offices are concerned the Office of Personnel does not promote centralization because it does not force the operating units to handle in Washington matters that could be dealt with in the field, as in the case of

¹⁴ In this connection one cannot help suspecting that a similar failure accounts for the recommendation in the Brookings report on the executive agencies that the Commodity Exchange Administration and the Packers and Stockyards Act be given to the Federal Trade Commission because they involve "trade practices, methods, and procedures" (U.S. Congress, Senate, *Preliminary Report of the Select Committee To Investigate the Executive Agencies of the Government* (75th Cong., 1st sess.), Senate Report No. 1275 (Washington: Government Printing Office, 1937), pp. 774 ff.

¹⁵ U.S. Department of Agriculture, *Annual Report of the Director of Personnel, 1936* (Washington: Government Printing Office, 1936), pp. 5, 6.

¹⁶ *Ibid.*, 1938, pp. 8, 9.

the solicitor. But its influence in the other direction is limited by not extending its activities to the field in such a way as to foster conditions which might encourage decentralization in the operating bureaus. Thus, while the Department as a whole provides and encourages facilities for training persons stationed in Washington, all training activity in the field is a matter of concern to the individual bureaus. In a center like Chicago, where the Department maintains a large number of employees of all grades and classes, there is no official of department-wide jurisdiction to encourage those positive personnel activities like training, which are coming to be recognized as of great importance to effective administration.

The provision of facilities of this sort in Chicago would also permit the decentralization of some of the more technical personnel matters such as classification. Moreover, it would encourage the individual bureaus to give more authority to their field supervisors in such matters as appointment. While as a rule they have the power to move men from one point to another and from one kind of work to another related type and while the Civil Service Commission's regional office certifies to them persons eligible for appointment to positions in the lower grades, actual appointment must be made by the central office.¹⁷

In a department like the Department of Agriculture, in which research has from the beginning played a tremendous part in the activities it has carried on, it is not surprising to find that a considerable amount of research is carried on both in the field and in Washington. In many of the bureaus, in fact, research is the sole or primary occupation of the entire staff. As far as centralization is concerned, however, the importance of research lies in the relation it bears to changes in policy and in its value as a means of informally co-ordinating the work of the field and headquarters. Decentralization is fostered when the field participates in research which modifies broad policies of the organization, and, as many writers on organization have

¹⁷ The advantages for co-ordination of decentralization in the Office of Personnel will be discussed in chap. vii.

noted, co-ordination of a geographically dispersed enterprise is facilitated when all levels share in investigation of technical, policy, and management problems.¹⁸

As a rule research materially affecting policy is conducted or closely supervised by the central office, although such exceptions as are represented by the planning process in the Food and Drug Administration, discussed above, limit the generalization. Research which is the result of the duties performed by the field organization is best exemplified by the Food and Drug Administration.¹⁹ The Commodity Exchange Administration is in a similar position.²⁰

While the major responsibility for research affecting bureau policy is confined to the central offices, therefore, considerable activity of this sort is carried on in the field. Moreover, while it is always desirable from the point of view of co-ordination and morale to enlist as far as possible all levels of an organization in the process of investigation, the centralizing influence of research presents no outstanding difficulties such as those discussed in connection with legal services, possibly because the former is not organized as a separate unit of the Department.

The centralizing influence of auxiliary services is not limited to those which are a part of the Department's structure. The extra-departmental services covering all the departments are a part of the same tendency. The Department of Justice, as the earlier paragraphs have intimated, plays a role analogous to that of the solicitor, as far as the field offices are concerned. Except in the case of the limited group of food seizures which has already been discussed, the district attorneys are not authorized to take legal action under the regulatory laws at the direct request of field officers. Cases must travel up the hierarchy in the operating department and down that of the Department of Justice.

¹⁸ Cf. Gulick and Urwick, *op. cit.*, p. 38.

¹⁹ Cf. *supra*, chap. iv, pp. 73-74, and chap. v, pp. 90-91.

²⁰ Cf. *supra*, chap. v, pp. 93 and 96-97.

In personnel work the situation is similar. The thirteen district offices of the Civil Service Commission, one of which is located in Chicago, supervise examinations, certify names to the appropriate officers of the field services, and maintain retirement records. Except for these duties, the central personnel agency of the federal government is nonexistent as far as the field offices are concerned. The same thing must be said of the Supply Branch of the Procurement Division of the Treasury Department, whose forty-seven field supply offices have handled purchases only for agencies operating under emergency funds. A slight tendency toward decentralization among these services is indicated by the Disbursement Division of the Treasury. Its nineteen regional disbursement offices now handle the pay rolls for the field services of most of the civilian departments. This means that the pay roll is made up in the field office and is paid without delay, although a copy is sent for accounting purposes to the headquarters of the employing bureau by the officer in charge of its field station.

INTERDEPENDENCE OF MARKETS

The demand for uniformity and the influence of auxiliary services are centralizing tendencies which in general are common to most of the field offices covered by this study. Those which remain to be discussed, however, are for the most part peculiar to one or two. That is, they are more directly related to the commodity dealt with, to the circumstances of its production, or to the peculiarities of its marketing. In the Commodity Exchange Administration, for example, the interdependence of the regulated markets tends to bind the branch offices more closely to the headquarters than might otherwise be the case. This is particularly true of the grain markets. As far as the activities of the exchanges themselves and the minor transgressions of market operators are concerned, each market is a unit which can be regulated fairly conclusively and relatively independently by the field. The broader operations of merchants and traders, however, are not always confined to a

single market or to a group of markets in one part of the country. G. Wright Hoffman has shown, by comparing the membership lists of the twelve leading produce exchanges of the country, that the number of firms belonging to more than one is very large, constituting an "invisible" tie between them.²¹ Thus, developments in Chicago may take on an added significance when compared with those in other grain markets of the country. This is one of the principal reasons for the daily teletype reports sent via private wire from the field offices to the headquarters and for the dependence of the former upon the latter for direction in dealing with unusual developments on any one market.²² Although, therefore, the Commodity Exchange Administration is one of the bureaus which has been judged relatively decentralized and although the Chicago futures market in grain is by far the most important in the country, this peculiarity in futures trading tends to limit the independence of the local field men in dealing with the exchange.

CONFLICTS OF JURISDICTION

The activities covered by the bureaus under discussion are old enough so that their limits and procedures are quite sharply defined, and conflicts of jurisdiction are not a constant problem. In fact, among such established agencies the function of co-ordination appears to be less the prevention of overlapping and more the elimination of gaps due to inadequate co-operation.²³

²¹ G. Wright Hoffman, *Future Trading upon Organized Commodity Markets in the United States* (Philadelphia: University of Pennsylvania Press, 1932), pp. 123-24.

²² It should be noted that from the point of view of the individual exchange this interdependence is even greater. The actions of the Chicago Board of Trade will not only affect its competitive position with respect to the other grain markets, but, since speculators and traders are often more interested in speculative opportunities than in particular commodities, they will also condition the attractiveness of the Chicago grain market as compared with cotton, butter, or some of the commodities in which trading is not subject to this type of federal regulation.

²³ See *infra*, chap. vii.

GEOGRAPHICAL DISPERSION OF OBJECTS
OF ADMINISTRATION

Occasionally, the geographical dispersion of the commodity or persons dealt with makes the part of the central office more important than would otherwise be the case. This is outstandingly so in dealing with fruits and vegetables, to which situation some reference has already been made.²⁴ It runs through the market-news, inspection, and regulatory work in these commodities. Shipping-point news on fruits and vegetables must be consolidated in a single office, in Washington, before being issued from the market centers, and the activities of these shipping-point reporters must be directed from a central point, since each of them moves through a large section of the country as the various crops reach maturity and the "deals" take place.

In the regulatory work the respondents under the Produce Agency Act and the Perishable Agricultural Commodities Act are usually concentrated in the market centers, but the sources of complaints are scattered over the country, so that the field men in Chicago cannot settle a dispute between a local receiver and a California shipper any more easily than can the central office. Also, those inspectors of fruits and vegetables who report violations of the Food and Drugs Act—an arrangement which will be discussed in more detail in the next chapter—must refer them to Washington for action. The reason here is that these violations are so handled that a dealer is warned three times before prosecution is begun, and, since shipments from one dealer may go to all points of the compass, no one market inspector can know of the warnings which have been given a dealer at other receiving points. While it would seem that speed would be fostered by allowing the field men to issue warnings and by instructing them to notify other districts of such issuance, it appears that those in charge are not particularly interested in speed, unless there is danger of a suspected shipment's being moved before action is taken, and consider

²⁴ Cf. *supra*, pp. 107-8.

the cost of delay as part of the punishment for violation of the Act.

RELATIONS WITH THE TRADE

Centralization of punitive action is sometimes the result of a desire on the part of superior officers to foster a friendly relationship between the field men and the trade. This is especially true in the case of an agency in which the regulatory work is only incidental to the remainder of its activities, the best example of which is the work under the United States Grain Standards Act. While grain-grading is compulsory in interstate commerce, the Act is nonetheless primarily a service arrangement. To be effective it must have the power to compel conformity, but its success also depends upon friendly interchange with the trade. For this reason, as well as for reasons of uniformity of treatment, the district supervisors draw up no complaints against errant traders or recalcitrant licensees but merely submit such data to the general field headquarters. The district man thus is freed from the stigma of regulatory work and can concentrate on making his work of as much value as possible to the trade. The same procedure naturally applies where the Grain Division handles violations of the Food and Drugs Act with respect to whole grain.²⁵

SUMMARY

Those factors in the organization and operation of the Department of Agriculture and four of its bureaus represented in Chicago which foster a tendency toward centralization modify, offset, or supplant the decentralizing influences which were discussed in the preceding chapter. Like the latter, moreover, they can be divided into two groups—those which are inherent in the function which the organization is performing and those which are primarily a matter of policy. Thus, the influence of the auxiliary services and the considerations which suggest centralization in order to relieve the field men of the stigma of regulatory activity are factors which derive their strength pri-

²⁵ For the influence of this factor on co-ordination in the field see chap. vii.

marily from the policies of the central officials. On the other hand, the interdependence of markets, the geographical dispersion of the objects of administration, and jurisdictional conflicts are influential in proportion to their importance in the functions performed by the particular agencies. The extremely important demand for uniformity ordinarily is of the latter type, although some of its manifestations are controlled by headquarters policy.

Most important of all the factors which tend to centralize the operations of these bureaus of the Department is the demand for uniformity, which requires for its satisfaction that a large share of the administrative decisions be made in the headquarters offices. Its most obvious appearance is in the grading and inspection services, one of whose purposes is the promotion of standardization. It is enforced in these cases through the various appeal systems, whose importance and formality vary with the age and size of the service. In some cases, as in the grain inspection, the full effect of the need for uniformity can be modified by locating the effective peak of the appeal hierarchy in the field.

The demand for uniformity also appears in the handling of alleged violations of regulatory laws, where the importance of precedent is great enough to require central determination of the merits of a case before it is prosecuted. In the same way it makes itself felt in those activities in which licensing is important, since the granting of a license is the reverse of punishment, and its denial is a form of punishment. The limitations on delegation which have been placed on the Department by the courts are a similar evidence of the requirement of uniform treatment.

Next in importance as a centralizing factor is the organization of the auxiliary services both within the Department and in those units which cover all the government's activities. The personnel services cannot be criticized for forcing the field to handle matters in Washington which could be settled in the field, since most of the routine activities of this sort have been

intrusted to the individual bureaus. But they can be questioned on the ground that their positive functions, such as training, have not been extended to the field in such a way as to encourage decentralization in the operating units.

The legal services, and in particular the Solicitor's Office, can be criticized more strongly, since they make it necessary to settle almost all legal problems either in Washington or through lawyers temporarily detailed to Chicago. This arrangement is productive of misunderstanding and resentment on the part both of the lawyers and of the field men. Decentralization and the efficiency of the regulatory machinery would be fostered if the field men could work with a representative of the legal staff permanently stationed in Chicago.

The remaining influences in the direction of centralization are less extensive than those already summarized. Interdependence of the markets which are being regulated in various parts of the country in some cases requires that the field offices be closely controlled from a central point in order that contradiction and incomplete action be avoided. The geographical dispersion of the objects of administrative action, such as that caused by the sharing of sources of supply by a number of markets, has a similar effect. The desire on the part of central officials to promote friendly relations with the trade groups in the field by relieving the field men of the stigma of regulatory action produces centralization in a few cases. Finally, the occasional jurisdictional conflicts among these field offices produce the same result.

The more important centralizing factors in the operation of this group of field offices in Chicago are common to a larger number of agencies than are any of the decentralizing tendencies discussed in the preceding chapter. The result is a centripetal pressure on almost the entire organization, which is offset in individual instances by the less extensive decentralizing factors.

CHAPTER VII

CO-ORDINATION AND CO-OPERATION IN THE FIELD

TO REALIZE the public interest in public administration . . . it is necessary to co-ordinate the activities of officials."¹ This statement by one of the leading authorities in the field is one which would be agreed to readily by all students of organization, but it is one whose requirements are not satisfied merely by stating the need, for in any organization of considerable size co-ordination presents a continuing problem which is never finally solved. Especially is this true in an institution whose agents are spread over a broad geographical area and where the advantage of relatively close proximity to the directing head of the enterprise is lacking.

Thus far in this study co-ordination has been treated somewhat incidentally and only in connection with individual bureaus or divisions. Nothing has been said of the problems and methods of interrelating all these units of the Department's activity in Chicago and of co-ordinating them with the other agencies of the federal government operating in the area. One may well ask why co-ordination is desirable among the different line agencies at the level of the Chicago offices. This would be obvious if the Department had developed definite regional policies with respect to the city and its hinterland. While such is not the case, the problems of the various offices in Chicago are not so distinct as to eliminate the necessity for some co-ordinating machinery in the field. All the Department's activities in the area are more or less closely related to the peculiar position of the city and its hinterland, and each of them

¹ E. Pendleton Herring, *Public Administration and the Public Interest* (New York: McGraw-Hill Book Co., 1936), p. 388.

can thus benefit from the specialized knowledge and experience of some, or all, of the others. These offices, moreover, have in common a number of management problems which make complete isolation from one another undesirable. While, therefore, it may be undesirable to establish a highly formalized co-ordinating authority in Chicago, there is a distinct need for stimuli of some sort to co-operative and co-ordinated action.

This chapter and chapter viii will be devoted to a discussion of various examples of intradepartmental and interdepartmental co-ordination in Chicago, to a consideration of the outstanding obstacles in the way of such efforts, and to some proposals for increasing their effectiveness.

Possible methods of co-ordinating the branch offices of a single organization or of a group of related organizations are numerous.² Evidences in varying degrees of importance of all these have been uncovered in the course of the present investigation, as the following pages will indicate.

INTRADEPARTMENTAL CO-ORDINATION

One of the outstanding characteristics of the field organization of the Department is that almost without exception the field men have no direct contact with officials of department-wide responsibility. The only exceptions are so infrequent and so limited in number that they are of little importance. Recently, co-ordinators of the Department's "action" programs have been stationed in Amarillo, Texas, and Lincoln, Nebraska, to deal with the field operations in the surrounding states and to report directly to the undersecretary.³ The other exception occurs when officials attached to the secretary's office, including the offices of personnel and finance, occasionally visit local representatives of individual bureaus or divisions or talk to a group of Department employees in the locality or

² See *supra*, pp. 22-24.

³ U.S. Department of Agriculture, Office of Personnel, *Bulletin of Personnel Administration*, No. 5 (Washington: Government Printing Office, May, 1938), p. 3; No. 10 (February, 1939), p. 1.

both. Aside from these minor cases the Department of Agriculture is not represented in the field, as far as the men stationed there are concerned, in the person of any official. Moreover, it should be noted, although it has already been pointed out in an earlier chapter, that the same situation obtains in some of the bureaus.

Some modifications of this situation have been attempted from time to time.⁴ No marked changes in field organization have been made, however. Finally, it was claimed that the reason for creating the position of director of marketing and regulatory work in the recent reorganization was “. . . to consolidate the marketing work so that the same concentrated attention may be given to it that we now devote to production and conservation and also to keep our marketing work in line with the broad plans formulated by the Bureau of Agricultural Economics and to give citizens who deal with our marketing agencies a central point of contact with them.”⁵ This arrangement has provided for co-ordination at the center, but it has included no formal change in the field.

These considerations mean that much of the co-ordination of field activities is attempted from the central offices and that the remainder is dependent upon the informal actions of field officers. They imply further that the field's knowledge and understanding of Department activities and objectives are dependent upon division and bureau superiors in Washington and upon informal contacts among the branch offices.

A second characteristic of the field organization of the Department is that below the level of the central office there is a marked tendency for bureau lines to disintegrate in favor of projects and for administrative relationships to develop around particular commodities regardless of bureau lines. For example, as has been noted previously, the Commodity Exchange Administration in Chicago supervises trading on the grain ex-

⁴ Cf. *Annual Reports of the U.S. Department of Agriculture, 1920* (Washington: Government Printing Office, 1920), p. 557, and 1923, p. 131.

⁵ *Annual Report of the Secretary of Agriculture, 1938*, p. 49.

changes and on the butter and eggs exchange, presumably under the direction of a single local supervisor, but the relations between the man in immediate charge of the latter and his superior, whose training is in grain, are almost purely formal. The fact that both are administering the same law is minimized by the different problems presented by the peculiarities of the two types of commodity.⁶ Moreover, the relations between the office supervising the butter and eggs exchange and the Dairy and Poultry Products Division of the Agricultural Marketing Service are as close as, if not closer than, those between the former and the men dealing with the grain exchanges. Similarly, there is practically no contact among the officials directing the various market-news services, although in this case the problems dealt with are not entirely unlike.

This tendency indicates that in many cases co-ordination is effected through such "commodity clusters" without formal mechanism, but it also means that since the commodity is of such great importance many of the opportunities for functional co-ordination and co-operation are overlooked. The attitude of not a few of the field men is that such differences in operation and the relative absence of overlapping activities make co-ordination unnecessary. While this extreme view is not typical, it nevertheless appears certain that the importance of commodity and project as against bureau and Department lines is sufficiently well grounded to limit the possible sphere of bureau-wide or Department-wide co-operation.

Intradepartmental co-operation through formal agreement.—Lacking official and formal co-ordinating machinery, the same effect is partially achieved among the field offices in Chicago by a variety of co-operative devices, some of which are formal and continuing while others are informal and fugitive. Since the former are usually the result of a desire to make an arrangement for all the field offices of the units concerned, they are negotiated and executed by the central officials, but they also involve a degree of co-operation among the field officers

⁶ Cf. *supra*, chap. iv, pp. 57 and 78.

in carrying them out, if not in their preparation. These formalized types of co-operation fall into three classes: (1) those providing for a joint use of personnel, (2) those involving the performance of services for other agencies, and (3) those resulting in collaboration for a defined period of time on a specified project.

The most interesting example of the first type is that between the Grain Division of the Agricultural Marketing Service and the Food and Drug Administration, alluded to in chapter vi. This arrangement grew out of the need for clarifying the applicability of the Food and Drugs Act to whole grain. It had been understood by the industry that the Act applied to grain, but this was largely a threat, since this class of violation was not of sufficient importance to require the attention of the Food and Drug Administration except upon complaint of some interested person. Moreover, while an inspection certificate was required under the Grain Standards Act for grain handled in interstate commerce, this was no assurance that a shipment would not be subject to seizure under the Food and Drugs Act. In 1925 at a conference of the heads of the Food and Drug Administration, the Bureau of Agricultural Economics (in which grain inspection supervision was located until 1938), and about twenty of the principal grain exchanges of the country a memorandum was drawn up for the purpose of solving the problem. The memorandum stated in part: "It is the purpose of the Department to enforce these laws by the adoption of a policy of administration through which the terms of both statutes will be reconciled and the industry thereby relieved of a burden of attempting otherwise to observe apparently contradictory and conflicting exactions."⁷

The arrangement provided that for purposes of enforcing

⁷ U.S. Department of Agriculture, Bureau of Agricultural Economics, "Memorandum of Conference between Representatives of Grain Trade Organizations and Members of the United States Department of Agriculture" (July 28, 1925). (Mimeographed copy supplied by the Grain Division, Agricultural Marketing Service, Chicago.) Cf. *Annual Report of the Chief of the Bureau of Agricultural Economics, 1926* (Washington: Government Printing Office, 1926), p. 21.

the Food and Drugs Act with respect to whole grain the officers enforcing the Grain Standards Act should be agents of the Food and Drug Administration. The district supervisors and licensed grain inspectors in the course of their regular duties submit samples of suspected grain to the general field headquarters for decision as to whether they are adulterated. The grain trade organizations agreed on their part to enforce their disciplinary bylaws against any member who failed to dispose of such grain in accordance with the decision of the inspection supervisors. The arrangement is beneficial to the enforcement of both acts. The Food and Drug Administration avoids giving attention to this class of violations, at the same time receiving assurance that they are being adequately watched by the grain inspectors; the Grain Division succeeds in keeping out of the regular channels of commerce grain which inevitably would cause grading difficulties after it had been mixed with good grain.

Where a grain dealer refuses to abide by the decision of the grain inspection supervisors, the general field headquarters refers the matter to Washington for prosecution by submitting it to the chief of the central district of the Food and Drug Administration. Not only does the proper handling of such cases necessitate consultation and co-operation between these two groups of field men, but also the development of suggestions for changes in the methods of handling the work requires their collaboration, since one group is more intimately acquainted with the requirements of the Food and Drugs Act and the other is more familiar with the peculiarities of grain production and marketing.

A similar arrangement was set up between the Food and Drug Administration and the Fruit and Vegetables Division of the Agricultural Marketing Service in 1937. (This division was then in the Bureau of Agricultural Economics.)⁸ Since the Food and Drugs Act and its amendments include under "mis-

⁸ *Annual Report of the Chief of the Bureau of Agricultural Economics, 1937*, p. 19.

branding" the failure to state the quantity of the contents on any package and any false or misleading statement on a label and since the Food and Drug Administration appropriations make it necessary to subordinate such "economic" violations to those which are detrimental to health, the fruit and vegetable inspectors are licensed as food and drug inspectors for purposes of this single violation. Failure to state quantities and misuse of Department grade labels are fairly common in the industry, and the fruit and vegetable inspectors are in a position to note such violations in the course of their regular work. Since the enforcement of this provision is highly centralized, as was noted in chapter vi, because it is based on a system of warning a dealer three times before legal action is taken, the two field offices have less contact in case of prosecution than exists between the Grain Division and the Food and Drug Administration. For the same reasons as were noted in the latter case, however, there is frequent consultation between the head of the fruit and vegetable inspection in Chicago and the chief of the central district of the Food and Drug Administration. Interpretation of the law necessitates co-operation between the two offices.⁹

The performance of services for other agencies—the second type of intradepartmental co-operation through formal agreement—is particularly common among those units whose principal function is the performance of a specialized activity designed primarily for the benefit of producers and dealers but at times valuable to the effective operation of other public offices. Of these the most important examples are the various commodity inspection services. For instance, the corn and wheat loan officials of the A.A.A. in the field require inspection of grain on which payment is made or to which the Department has taken title. When the need for such service is so frequent as to interfere with the other duties of the supervisors of grain inspection, the two central offices will agree to reimbursement

⁹ For other instances of co-operation between these two units see *infra*, p. 134.

in exchange for the service or to the temporary loan of personnel upon request to the field or to Washington. Usually, it is left to the field men to work out the details of the arrangement in whatever manner best suits the effective operation of both agencies. Most of the other inspection services have arrangements with various other offices which are so like the one described that it is unnecessary to picture them in detail.

Collaboration on specified projects for a limited period of time—the third type of formal intradepartmental co-operation—is the result of two agencies finding themselves interested in phases of a single program. The central officials agree to concentrate on the project and direct their field forces to collaborate in this respect. While the author has found no recent examples of this type of co-operation in the Chicago area, a case which occurred some years ago will illustrate adequately. The Bureau of Animal Industry and the Bureau of Chemistry (which administered the Food and Drugs Act until 1927) were both concerned about the purity of milk supplies of small cities near state boundaries—communities peculiarly subject to mistreatment at the hands of unscrupulous or careless dealers. The two bureaus joined their field forces to conduct surveys of the problem in five of the states of the Middle West, and, where it was possible under their legal authority, action was taken against offenders. At the same time the agents of both bureaus enlisted the co-operation of the municipal and state officials, so that the latter could carry on the work after the federal agencies had completed their survey and had taken such punitive steps as their authority permitted.¹⁰

The peculiar value of these formal agreements is not that they set up definite machinery for collaboration, for, while such provision is undoubtedly important in co-ordinating field work and while the field men frequently initiate the proposals leading to such agreements, their installation is primarily a concern of the central-office personnel. Their importance lies rather in the fact that they foster a habit of co-operation which

¹⁰ *Annual Report of the U.S. Department of Agriculture*, 1915, p. 196.

may lead far beyond the requirements of a formal, collaborative arrangement. Because they are often continuing programs, they constitute a ready channel for the discussion and solution in the field of a variety of problems related both to subject matter and to administrative procedures.

Informal intradepartmental co-operation.—Far more frequent and perhaps more important than the methods of co-operation by formal agreement is the wide variety of cases of informal co-operation in the field. They vary all the way from supplying answers for occasional questions to conferences on administrative policy. For purposes of discussion they can be classified into four general types: (1) supplying of data, (2) assistance in locating violations of regulatory laws, (3) performance of inspections and other types of service, and (4) development of procedures through conferences on common problems.

The first type—the supplying of data—is the most common, as might be expected. There is hardly an office investigated in the course of this study in which this type of relationship was not found, although the number of other units dealt with and the frequency with which such requests are made vary according to the duties of the several field organizations. For example, it would ordinarily be expected from a casual acquaintance with the functions of the Commodity Exchange Administration that it would be completely independent of other units of the Department with respect to the collection and use of data, since it is the only one concerned with trading practices and developments on the exchanges. Such is not entirely the case, however, for the effective supervision of the markets involves being informed on developments in the entire grain trade, and other offices of the Department can supply much of that information. Thus, supply and movement of grain throughout the producing and marketing area inevitably affect prices and trading in the pits, and the Grain Division of the Agricultural Marketing Service is an important source of data on the movement of grain, on the supply of various classes of grain, and on the supply of the different grades within these

classes. Also, the market supervisor will call the Grain Division's field headquarters to obtain information on individual shipments of grain destined for the Chicago market. Finally, since it is the duty of the Commodity Exchange Administration to prevent the dissemination of false or misleading information, it uses the facilities of other agencies to check the accuracy of published statements relating to conditions affecting the price of grain.¹¹

The same situation obtains with respect to the branch office of the Commodity Exchange Administration which supervises trading in butter and eggs. In this case the contact is with the Dairy and Poultry Products Division of the Agricultural Marketing Service, since it collects data on production, supply, shipments, and similar information for its market-news service. Both the regulatory and the research functions of this office are aided by the contact.

Relationships of this sort are particularly common in the Food and Drug Administration, both with Department of Agriculture offices and with those in other departments, since it covers such a large number of individual commodities.¹² Two examples will illustrate the point, of which one is fairly typical and the other is somewhat unusual. In the Chicago area the movement of fruits and vegetables is particularly important to the Food and Drug Administration because of the danger of poisoning from excessive spray residue. Yet the geographical dispersion of producers of these commodities makes the work of detecting dangerous shipments particularly difficult. To minimize this and to avoid unnecessary labor, the local office of the Bureau of Entomology and Plant Quarantine is called upon to supply information on the areas in which pest problems have been acute and on the control devices which have been used. As a result, when the crop moves to market, the food and drug inspectors can watch for shipments from

¹¹ Cf. *Annual Report of the Grain Futures Administration, 1924* (Washington: Government Printing Office, 1924), p. 26.

¹² For extra-departmental contacts see *infra*, chap. viii, pp. 153 ff.

those areas in which sprays have been used which render the product suspect.

While it is not unexpected to find the Food and Drug Administration being assisted by the entomologists, it is surprising to discover that it has occasion to use the facilities of the Weather Bureau. Occasionally, for instance, a shipment of oranges which have been spoiled by freezing will arrive in Chicago, and it is important to discover whether this happened before shipment or in transit, since the former constitutes a violation of the Act. For this purpose the Weather Bureau will furnish data on the state of the weather at all points through which the oranges passed on their way from California to Chicago.

The Bureau of Animal Industry has similar occasion to use the Weather Bureau, since in the enforcement of the twenty-eight-hour law weather conditions are sometimes cited as a reason for failure to conform to its requirements. Enforcement officials in such cases will find out from the Weather Bureau the conditions obtaining at the time and place at which unloading for rest and feeding should have taken place.

Despite these unusual examples, however, the market-news and inspection services are the most common sources of information for other offices in Chicago. Typical of this are the Commodity Exchange examples cited above and the use by the Packers and Stockyards Division of the information collected in the Division of Livestock, Meats, and Wool in investigation of alleged cases of fraud and discrimination or in assembling material for the analysis of charges of monopoly. Thus, if payment received by a shipper is far out of line with the price trends reported for that class of livestock on the day when his animals were sold, justification for the complaint received is tentatively established.

Closely related to the first type of informal co-operation is the assistance given by one office to another in the location of violations of regulatory laws—the second item in the classification given at the beginning of this section. It involves, how-

ever, a somewhat more intimate relationship than that just discussed, since the information must come on the initiative of the co-operating office rather than at the instance of the officials who are to use it.

As might be expected, the number of these contacts is particularly numerous in the case of the Food and Drug Administration. For example, the duties of the Bureau of Animal Industry's Meat Inspection Division are very close to those of the Food and Drug Administration, although the two do not conflict. The former has supervision over what meat shall be packed and over the methods and materials used, but its jurisdiction ends when the meat or meat product leaves the packing plant. After that point the product is of concern to the latter.¹³ The former's inspectors and laboratory men, however, occasionally run onto cases which are within the latter's jurisdiction. Thus, inspectors in the packing plants regularly check label weights on packaged meat, and when they find a lot which is short weighted, they will warn the packer. If he refuses to correct the situation, the facts will be referred by the inspector in charge to the Food and Drug Administration for action on the evidence assembled by the Bureau of Animal Industry. Similarly, the packing-house inspectors have no control over ingredients other than to refuse to allow them to be used in preparing meat if they are found to be adulterated. When this happens, the packer will usually send the faulty materials back to their source, and at that time the inspector in charge or the meat-inspection laboratory men will furnish all the data on the case to the Food and Drug Administration, including proof of interstate transportation and laboratory analyses.

Even the grading and inspection services sometimes participate in this sort of action, despite the fact that they prefer to appear aloof from the distinctly regulatory activities. Some are bolder about assisting the Food and Drug Administration

¹³ It was not until 1913, however, seven years after the passage of the Food and Drugs Act, that the attorney-general ruled that meat and meat food products could be included under the legislation (*Annual Report of the Secretary . . .* 1913, p. 15).

than are others, but all will report any particularly flagrant violations which they discover, especially if such violations constitute a reflection on the integrity of their service. Some time ago, for example, the Dairy and Poultry Products Division discovered that a dealer was misusing its grade stamps in such a way as to constitute misbranding, and, having no coercive authority over the dealers whose products it grades, it turned the matter over to the Food and Drug Administration for action. Such actions are more frequently taken by the fruit and vegetable inspection service than by the others, perhaps because its inspectors are licensed to report misbranding and because it has regulatory responsibilities in connection with the Produce Agency Act and the Perishable Agricultural Commodities Act and is thus less afraid of the stigma of indulging in regulatory activity.

Similar relationships exist in the case of the other regulatory laws, although in somewhat less extensive fashion, since none of the others covers such a broad field as does the Food and Drugs Act. While the fruit and vegetable market-news men try to keep dissociated from those enforcing the Perishable Agricultural Commodities Act and the Produce Agency Act, they will always report anything observed which comes within the jurisdiction of that legislation, such as the presence in the market of an unlicensed commission man. Since the Produce Agency Act applies to poultry products, among other things, and since the Packers and Stockyards Act includes similar provisions with respect to live poultry, the two offices enforcing the laws have frequent occasion to refer to each other complaints received or violations discovered by their inspectors which belong in the other jurisdiction. Finally, while the market-news men in the Division of Livestock, Meats, and Wool have the usual attitude toward the regulatory units in the stockyards, they not infrequently assist the Packers and Stockyards Act enforcement by reporting any particularly serious violation which they have noticed in their work in the yards.

The performance of services by one office for another is a

particularly common form of informal co-operation. As in the case of formal agreements covering this sort of operation, they are usually found among those agencies which are equipped to perform particular technical or specialized functions. Thus, the supervisors of grain inspection are free to grant occasional requests, either on their own responsibility or with the approval of the general field headquarters, from other units of the Department for inspection of grain which has come into their possession. When the requesting agency evidences a continuing need for inspection, its employees may be trained for a period in the establishment of one of the district supervisors so that the unit then can perform its own inspections. The other inspection services have similar relationships. The Fruit and Vegetable Division performs inspections on a fee basis for a number of other agencies, including the mobile field units of the Federal Surplus Commodities Corporation.

The inspection services are not the only offices doing this sort of work for other agencies. The Food and Drug Administration inspects and analyzes products on request from other Department offices, and, although this is usually done on a fee basis, it is of value to the inspectors, since they may discover by such work a violation of one of the statutes within their jurisdiction. The Bureau of Entomology and Plant Quarantine—to cite only one example—calls on the Food and Drug Administration to determine whether a fumigant or insecticide used by farmers will injure the crops on which it is being used. Even the field enforcement of the laws governing foods and drugs itself needs assistance from other offices, particularly where it has need of assistance from a specialty too technical to be included within its own ranks. The Chicago laboratory of the Pathological Division of the Bureau of Animal Industry frequently performs such duties.¹⁴

¹⁴ *Annual Report of the Chief of the Bureau of Animal Industry, 1931* (Washington: Government Printing Office, 1931), p. 58. While this laboratory performs services for the Meat Inspection Division in Chicago, as well as for the Field Inspection Division throughout the area, they are so much a part of its regular duties that they are not included under co-operative services.

Although several examples of the fourth type of informal co-operation—the development of procedures through conferences on common problems—can be cited, they are considerably less frequent than the other three, since any very extensive development in this direction would depend upon a considerably greater degree of decentralized authority than is generally found among these field offices. This should be considered in connection with the following examples. The Food and Drug Administration and the Fruit and Vegetable Division recently had occasion to deal with a typical instance of this kind. Complaints from shippers of conflicting treatment of a new box for fruits which had lately been introduced into the market brought a conference between these two offices and representatives of the state and city. An understanding was reached as to a uniform method of dealing with the container.

The formal agreement between the Food and Drug Administration and the Grain Division has occasioned fairly frequent conferences of this type, as has been suggested above. The Grain Division also works closely with a representative of the Extension Service who is stationed in Chicago and is in charge of the grain-grading schools for country grain dealers. One of the objectives of these schools, which in 1938 were held in eighteen of the principal grain-producing states, is to demonstrate the defects in grain which cause discounts in the market. Hence, they serve to interpret the operation of the Grain Standards Act to country dealers and shippers. Since many of these grading factors change in importance from season to season and even within a crop year, the man running these schools must work closely with the Grain Division in planning their programs.¹⁵

Much of this sort of co-operation occurs between technical men in the different commodity fields. For example, the men of the meat-inspection laboratory of the Bureau of Animal Industry frequently consult with the chemists of the Food

¹⁵ Cf. *Annual Report of the Chief of the Bureau of Agricultural Economics, 1938*, p. 21.

and Drug Administration on results of laboratory analyses, methods, and other technical matters. Among the three units of the Bureau of Animal Industry such conferences are fairly frequent. Weekly meetings are held in the office of the chief inspector, at which the work of the week is discussed and policies with respect to particular problems are decided upon and, in addition, the men in charge of the laboratory, whose jurisdiction includes all the adjoining states, can warn the inspectors of products which have been found out of line at other inspection points.

Finally, co-operation of this sort sometimes occurs where two offices enforcing roughly similar laws have a common problem in meeting the requirements of the Solicitor's Office. Thus, the officials enforcing the Packers and Stockyards Act and the local office of the Commodity Exchange Administration have sometimes assisted each other in preparing evidence of violations of some of the vague phrases of the "unfair trade practices" variety which appear in both laws. This is stimulated by the fact that the same examiner from Washington will frequently hold hearings under both acts at the same time. Thus, the necessity of satisfying the lawyers has been sufficient to bring together officials enforcing laws dealing with widely different commodities and marketing methods.¹⁶

The importance of methods of co-ordination and co-operation is by no means proportionate to their degree of formality. Many of those which contribute most effectively to the realization of the interrelations of the various units in Chicago are the ones which are so informal as to be taken as a matter of course by the field men. In fact, a high tribute to the effectiveness with which these field programs are interrelated is the fact that many of the above instances of informal co-operation are so much a part of the daily routine that their importance is scarcely recognized by those concerned. Almost all are the result of the initiative of the field men, although the conditions conducive to such arrangements may be fostered by the central

¹⁶ This arrangement was most common in the early days of both laws.

offices. It is in this way that the formal and informal methods of co-operation are related; the former facilitate the establishment of a habit of co-operation which may go beyond the confines of written provisions, and the latter may disclose areas in which formal agreements would be desirable, leading to suggestions to the central offices for such arrangements. Further, as is indicated by the frequency with which a number of the informal types is found in a single office, the informal methods are similarly related to one another. Finally, it can be concluded that while co-operation of these kinds is not all of co-ordination, still it is a not unimportant part, and it facilitates the operation of other co-ordinating devices.

THE UNITED STATES DEPARTMENT OF AGRICULTURE
CLUB OF CHICAGO

The most important remaining co-ordinating device is the United States Department of Agriculture Club of Chicago, which includes within its eligible membership the heads of all department offices in the city and their principal assistants. The Chicago club is one of several such organizations in centers throughout the country and is among the two or three most active of them. While the founding date of the first of these clubs is not known, the Chicago group had so far developed through the interest of a few men in the city that by 1922 it adopted its constitution. Undoubtedly, it and its sister-organizations originated as social clubs in the characteristically American tradition.

The activities of the club are not numerous. It meets once a month, though occasionally more frequently, during eight or nine months of the year, usually suspending its activities during the summer. These meetings are held in a downtown restaurant or hotel in connection with either lunch or dinner and include an address, sometimes by one of the members but more frequently by someone outside the organization. The latter may be a representative of another federal office, a member of the faculty of one of the local universities, or someone whose

interests are not even related to the work of the Department or of the government or occasionally an official from one of the Washington offices. Similarly, the subject of the talk is not necessarily germane to the duties performed by the members. Opportunity is usually afforded for discussion following the speech, and the meal enables those attending to converse freely over the table.

Although the club is one of the most active of those in operation, it suffers under a number of handicaps which limit its effectiveness as an instrument of co-ordination. The most important of these and the one which has presented the greatest problem to the officers of the club is the difficulty of getting the members to attend meetings. Because no rigid definition has ever been given to the term "principal assistants," it is impossible to tell exactly what the eligible membership of the club is, but since all but one or two of the offices have at least one member, it can be assumed that the majority of those who would be considered eligible have joined the group. However, the average attendance, including guests, is rarely more than half the total of the membership. This situation can be explained in part when one considers that a number of the offices are located several miles from the "Loop," that the demands of official duties inevitably keep some from attending, and that some of the members spend part of their time traveling out of Chicago.

The problem of securing attendance is further complicated by the attitude taken by a number of the members that attendance is an office rather than a personal matter, and, hence, it is sufficient if the office is represented by one man. This attitude is undoubtedly the result of the influence of the Federal Business Association, in which office representation is the basis of organization—a basis which is adequate for the type of activity which the latter organization carries on.¹⁷ This is not the only explanation for low average attendance, however. A number of the offices are only occasionally even represented.

¹⁷ See *infra*, chap viii, pp. 156-59.

Several of these, moreover, such as the Food and Drug Administration, are located within a few minutes' walk of the meeting places, while some of those with good records, such as the Division of Livestock, Meats, and Wool of the Agricultural Marketing Service, are located several miles away.

The group does not see itself as a co-ordinating mechanism, and consequently its activities are not consciously aimed in that direction, nor are its appeals for membership and attendance played on that basis. The officers and members consider the club almost entirely as a social organization, with the result that, unless the administrative advantages of such social contact are made apparent, many of the members consider attendance more or less a waste of time.

In the early days of the Department clubs many of them attempted to perform some of the economy functions that were gradually taken over by the federal business associations, and when the latter were in their prime the clubs either disappeared or confined themselves to primarily recreational activities. The Chicago club is in the latter class. Its officers see no other major role for the group to play and look merely to improvement in the attractiveness of the monthly programs to increase the vitality and social value of the organization. Other groups have provided speakers for local civic organizations, have invited local Congressmen and Senators to speak to them, have set up a clearing-house for information on policies and problems of common interest, and have sponsored training programs.¹⁸ There appears to be a considerable field into which the Chicago club could expand.

Another obstacle in the way of the completely successful functioning of the club is the lack of encouragement which it receives from the Washington officials of the Department. This is perhaps the most serious handicap, since it accounts in large part for the persistence of the others. It is unreasonable to expect the field men to realize the value of the club to

¹⁸ Address to the United States Department of Agriculture Club by M. L. Wilson, undersecretary of agriculture, Chicago, March 7, 1939.

the Department and to develop it to the fullest extent if they are not encouraged to do so by their superior officers. An indication of how little has been done in this direction can be seen in the fact that for a time the Chicago group was dubious as to whether it could use the franking privilege for its announcements and whether it should count as leave the time taken to hear speakers. While this matter has been settled satisfactorily, it is still felt that the Washington officials do not use the club to the extent that they should.

The only Washington office which has taken appreciable interest in the clubs is the Office of Personnel. A letter from the former director of personnel to the group in Seattle was, in fact, the first official recognition of the organizations. In this letter Dr. Stockberger said in part:

The Department is very much interested in the organization of these clubs at points where there are several branch offices and desires to encourage field representatives to get together in this way wherever possible. We desire to maintain a close contact between the Department at Washington and the members of the various Department clubs, and we shall be glad to have you keep this office informed concerning the activities of the club at Seattle. We shall be glad also to have you call upon us whenever the Department can be of assistance in the club work.¹⁹

Little more than this has been done to stimulate the development of the clubs, although the Office of Personnel has been interested in using them as a means of keeping the field executives informed of Department policies and problems and some effort has been made to find one of the central offices which would be an adequate sponsor for the groups.²⁰

There is some evidence to indicate that a more general interest in the clubs is being taken by the central offices. Within the past year three Washington officials have addressed the

¹⁹ Letter from W. W. Stockberger, director of personnel, Washington, to A. G. Webb, Federal Horticultural Board, Seattle, June 2, 1925. This passage appeared in the U.S. Department of Agriculture, Office of Personnel, *Bulletin of Personnel Administration*, No. 5 (Washington, May, 1938), p. 4.

²⁰ The reconstituted Bureau of Agricultural Economics has been suggested as a possible sponsor, since its planning functions are Department wide.

Chicago group, and at least one of them, the undersecretary, devoted a major portion of his time to a discussion of the importance of such groups in the Department's organization.²¹ Recently, moreover, the Director of Personnel has developed a program for extending and revitalizing the work of the Department clubs. In a circular letter to some five hundred field officials in one hundred cities, he suggested that they, as committees of employees, recommend the steps necessary in their localities to reach a group of five objectives for which the clubs should be a medium. These are (1) the promotion of employee welfare, (2) the stimulation of training, (3) the development of personal acquaintance among field officials, (4) the furthering of the field's acquaintance with the work of the Department as a whole, and (5) the providing of a channel for informal co-ordination and the interpretation of the Department's policies to the public.²²

Such efforts, however, are only part of the steps that should be taken if the club is to realize its potentialities as a co-ordinating device. The central officials, for example, can have much to do with emphasizing the value of such contacts and urging upon their subordinates in the field the desirability of co-operating in their development. The individual bureau chiefs alone could improve the situation by taking a definite position with respect to the clubs. For example, in at least one case in Chicago the head of a regional office is not sympathetic with the purposes of the club because he cannot see its value to the operation of his organization, and as a result he discourages his subordinates from attending the meetings, although some of them would like to do so. Such situations would not occur so frequently if the Washington officials were willing to stress the value of such co-ordinating mechanisms.

These remarks concerning the handicaps under which the

²¹ Address to the United States Department of Agriculture Club by M. L. Wilson, undersecretary of agriculture, Chicago, March 7, 1939.

²² Circular letter to field officials from R. F. Hendrickson, director of personnel, Washington, D.C., July, 1939.

club is operating should not be taken as a reflection upon its value to the Department. Even as it operates at present, the club is a co-ordinating mechanism which is far too important to be neglected. When one considers the point to which attention was directed at the beginning of this chapter—namely, that the field offices in Chicago have little or no direct contact with officials of Department-wide responsibility and that in some cases this extends even to the bureaus—this importance can be readily realized. The club tends to offset this factor in two ways: (1) by itself acting as the only Department-wide organization in the city and (2) by bringing Washington officials visiting Chicago before its members in a relatively informal way. The Department has provided no means beyond the usual bureau channels of disseminating information on Department policies among executives in the field. The club, through its programs and the discussions among its members, is in a position to carry on this function, at least in part, by bringing the men in contact with extra-bureau or extra-division problems and by fostering that realization of the relation between the individual's duties and the larger objectives of the Department as a whole which promotes an active interest in the individual job.

Undoubtedly, the most important aspect of the club's functions is the facilitation of personal acquaintance among the field officers in the city. In this respect it approximates to a considerable extent the type of co-ordination which professional associations in the public service are able to perform, even to the extent of fostering that *esprit* which offsets any tendency for the regulators to become the regulated.²³ Moreover, since it promotes personal acquaintances, it facilitates the discovery and development of those opportunities for informal co-operation which have already been discussed. Most of the field men value this advantage. Few would contradict

²³ Cf. L. Gulick and L. Urwick, *Papers on the Science of Administration* (New York: Institute of Public Administration, Columbia University, 1937, p. 38.

the assertion that co-operation is easier with a person one knows than it is with a stranger.²⁴

Finally, the club is, at least potentially, a means of providing training for its members. Participation in the meetings which are devoted to administrative and departmental problems is a kind of informal training in itself, especially for the younger men. Training could be a much more explicit part of the club's program than it is at present, however. There seems to be no reason why the club should not sponsor a graduate school similar to the one carried on in the Department at Washington, and if that were not deemed desirable it could at least point more of its monthly programs in that direction or even hold special meetings for the benefit of particular groups of employees. A very extensive development of this sort, however, would probably require considerably more encouragement from the central offices than the club has received to date. Planning and developing such programs takes a great deal of time, and the officers of the club have other duties to perform. Thus, only a beginning could probably be made without tangible assistance from Washington. Short of this, the club certainly could sponsor training courses in co-operation with local universities.

With all its handicaps and shortcomings the Department club is still a very potent force in the direction of adequate co-ordination. In a city which has become a center for a large number of Department activities and in which there is not, and perhaps should not be, an official whose primary function is the co-ordination of these activities, a semiofficial, relatively informal organization like the club performs an invaluable function.

²⁴ It is interesting to note that this type of relationship is more common than one might at first expect. Speaking of an informal organization in Birmingham to which all heads of government offices located there belong, an English writer observes, "... a personal relation and friendship is established which enables many difficulties to be overcome and much valuable co-ordination carried out without any of the attendant difficulties of a more formal relation" (C. H. Garland, "The Local Organization of Services Administered by a Central Authority," *Public Administration*, III [1925], 396).

INTRADEPARTMENTAL CO-ORDINATION THROUGH
DECENTRALIZED AUXILIARY SERVICES

The auxiliary services of the Department were discussed in chapter vi as influences in a trend toward centralization. Their importance in the framework of the present chapter is that by maintaining a centralized organization they are failing to exert a co-ordinative influence on the field offices. Their decentralization would inevitably foster co-ordination by emphasizing the now vague horizontal lines of common interest in problems of management.

In no case is this more clearly evidenced than in that of the Solicitor's Office. While it was intended when the solicitor took over the district law offices of the Forest Service that the latter should add to their duties legal work for other bureaus in their vicinity,²⁵ this recognition of the common concern of a number of field offices in the intricacies of the law has not been generally applied.

In chapter vi reference was made to the idea that specialization in such generalized categories of legal practice as "trade practices" often tended to overlook and neglect the peculiar factors in the administration of individual laws which limit the applicability of such general classifications.²⁶ It was not intended to imply that these agencies have no interests in common. Their common interest, however, is not so much in the detection of violations as in the adjustment of these dissimilar facts to the technical categories of the law. The field men themselves have recognized this situation by occasionally co-operating in the preparation of evidence. The permanent establishment in Chicago of a representative of the solicitor would canalize these mutual interests and not only would co-ordinate the marketing services in the city with respect to legal matters but also would minimize the wasteful misunderstanding which occurs between the time when a case is prepared in the field and when it is examined by the Solicitor's Office in Washington.

²⁵ *Annual Report of the U.S. Department of Agriculture, 1910*, pp. 793 and 795.

²⁶ *Supra*, chap. vi, pp. 113-116.

Decentralization in the Office of Personnel of the Department would be desirable from the viewpoint of co-ordination, not as a means of taking over the bureau personnel work of appointment, transfer, and promotion but as a way of developing in centers of field activity the positive personnel work which it has carried on in the departmental service. In the preceding section it was suggested that tangible assistance from the central offices is essential to the further development of the co-ordinating activities of the Department club, particularly in the organization of training programs which the club might sponsor. The Office of Personnel has already shown its interest in the clubs and has been the only Washington office to encourage their growth. It would seem, therefore, that a representative of this office, stationed in Chicago, could assist materially in promoting, wherever possible through the club, training and "welfare" activities among the field offices in the city. Not only would this further emphasize the importance of co-ordinate effort, but it would serve to eliminate the distinction between field workers and departmental workers which was noticed in the earlier chapters.²⁷

Since, moreover, the Department has been notably lax in providing means of keeping the field informed of departmental developments in Washington and since there is a definite need for such information on a Department-wide basis,²⁸ such a field representative of the Office of Personnel might perform this function for the field offices in Chicago. For this purpose he might have to work in co-operation with the Press Service of the Office of Information or the new Bureau of Agricultural Economics in Washington. Such an appointment, in fact, might be the nucleus for a general field auxiliary service. Whatever the specific arrangements are, however, partial decentralization of the personnel work of the Department should pay high returns in co-ordinated effort.²⁹

²⁷ *Supra*, chap. v, pp. 98-103, and chap. vi, p. 124.

²⁸ Address to the United States Department of Agriculture Club by R. F. Hendrickson, director of personnel, Chicago, March 7, 1939.

²⁹ Gulick points out the importance of personnel work in what he calls "co-ordination by ideas" (*op. cit.*, p. 37).

SUMMARY

The present chapter has introduced the subject of co-ordination and co-operation in the field by giving an analysis of these relationships among the offices of the Department located in Chicago. Co-ordination and co-operation among these units are characterized by two distinctive features of the Department's organization and operation. In the first place, the field men, with few exceptions, have no direct contact with officials of department-wide responsibility. As a result, much co-ordination is attempted from the central offices, and the remainder is dependent upon the initiative and informal action of the field agents. In the second place, below the central-office level it appears that bureau lines become less important than project boundaries, and administrative relationships tend to form around particular commodities, regardless of bureau lines. Through the resulting commodity clusters some co-ordination is effected, but numerous opportunities for co-ordination along the lines of common problems which are not related to particular commodities are overlooked.

Both formal and informal co-operative relationships among these offices are common, however. The former are almost always negotiated and executed by the central officials, but they involve some active co-operation in the field to make them effective. These formal agreements provide for the joint use of personnel, the performance of services by one agency for another, and collaboration for a definite period on a specific project. From the point of view of field operations the chief value of these arrangements is that they foster a habit of co-operation.

Informal relationships are more numerous and thus perhaps more important, as the effectiveness of these contacts in instrumenting the interdependence of these agencies indicates that the importance of methods of co-ordination and co-operation is not proportionate to their degree of formality. These relationships involve the exchange of data, assistance in detecting violations of regulatory laws, the performance of various serv-

ices of a technical character for one another, and conferences for the development of procedures for handling common problems. Almost all are the result of the initiative of the men in the field.

The only organization in Chicago which could be called a formal agency of intradepartmental co-ordination is the United States Department of Agriculture Club. As a co-ordinating agency the club suffers from several handicaps, chief among which is the almost complete failure of the central officials of the Department to give the club the encouragement which it needs for its satisfactory growth. Despite these difficulties, however, the club is an important factor in the Department's operations. Its activities tend to offset the absence of contact with officials whose competence extends beyond a single bureau. It spreads information on Department policies among the field offices. It facilitates personal acquaintance among the field men, thus encouraging informal co-operation and providing the co-ordinating influence of a professional association. Finally, its activities are, at least potentially, a means of training the younger men in the functions and policies of the Department.

All these co-ordinating devices would be supplemented by an extension of the Department's auxiliary services into the field. A modification of their present centralized organization, which was discussed in chapter vi, would emphasize the now vague lines of common interest in management problems. At present they are of no importance as agencies of co-ordination in the field.

To complete this consideration of co-ordination and co-operation in the field, chapter viii will present a discussion of relationships outside the limits of the Department of Agriculture and of the general obstacles to effective co-ordination of these agencies in the field.

CHAPTER VIII

CO-ORDINATION AND CO-OPERATION IN THE FIELD—*Continued*

EXTRADEPARTMENTAL CO-ORDINATION

THE field offices of the Department of Agriculture of necessity are not a complete unit in themselves. To many of them the activities carried on in the city by the offices of other federal agencies are almost as important as those in the Department. It is essential, therefore, that attention be given to the extent and importance of the co-operative and co-ordinating relationships among the members of the two groups. These can be treated under two headings: (1) contacts between office and office occurring in the ordinary routine of administrative work and (2) those fostered by formal agencies of interdepartmental co-ordination.

Contacts occurring in the routine of administration.—The relationships in the first group do not differ in nature markedly from those within the Department, although they are almost entirely informal, resulting from the initiative of the men in the field or occasionally from a declared policy of the central offices. The only exceptions are those cases where the law specifically requires co-operation, as the Food and Drugs Act requires the Customs Bureau of the Treasury Department to report to the Food and Drug Administration all imports of commodities falling within the jurisdiction of the Act. In extent these relationships differ from those within the Department in that many of the Department of Agriculture offices have no contacts with other federal offices. Such co-operation, in fact, is limited to the regulatory units and the inspection services.

These informal relationships fall into three of the classes

found in the examination of informal intradepartmental co-ordination: (1) the exchange of information, (2) the performance of technical services peculiar to the functions of the office which performs them, and (3) assistance in the location of violations of the laws.

As might be expected, the exchange of information is the most common form of contact. There are probably very few offices of the Department in Chicago which have not at one time or another called on, or been called on by, a federal office outside the Department for information necessary in the administrative process. There is hardly a federal office whose resources the Food and Drug Administration does not use at least occasionally. Thus, in the preparation of a campaign, both before and after the adoption of the annual schedule, the offices of the Department of Commerce, particularly those of the Bureau of the Census and the Bureau of Foreign and Domestic Commerce, supply important data on the organization, location, production, and marketing methods of industries in whose products the Food and Drug Administration is interested. There are similar contacts with the Interstate Commerce Commission and the Federal Trade Commission.

All the regulatory agencies of the Department have occasion to assist the Department of Justice when the local district attorney is prosecuting cases which they have developed. The technicalities of such trials necessitate explanation of the evidence by the field men and sometimes require their attendance in the courtroom, in order that the data at their command may be available to the prosecutor.

The performance of services for other federal offices occurs most frequently among the inspection services, although other offices occasionally are called on for this type of assistance. Arrangements for handling this work in the Grain Division are the same as they are for Department offices, that is, where the requests are occasional they are handled informally, and when they become frequent they are placed on a fee basis. Under such an arrangement the Chicago district supervisor

grades all animal feeds received by the army within his district. A similar service is performed for the Customs Bureau. For example, a mixed cargo of wheat and flaxseed arrives in Chicago from Canada, and, since there are different tariff rates on the two commodities, the customs officials call on this office to determine the percentage of each grain in the cargo. The other inspection services do grading work on purchases by other federal offices of those commodities in which they specialize.

This type of work is also a frequent activity of the Food and Drug Administration, by which it is performed on a fee basis. The office has been performing such services since the early days of the branch laboratories of the Bureau of Chemistry,¹ and during the war the practice was expanded when the field laboratories were extensively used by the depots of the Quartermaster's Corps.² At present work is done for the army, the navy, the Veterans Administration, the Indian Service, and other offices purchasing in the open market.

On occasion these services go further than the mere supplying of inspection for a fee. Thus, from time to time the Chicago Food and Drug Administration office has trained inspectors of the Bureau of Internal Revenue who were to be assigned to the administration of the tax on butter substitutes. Similarly, the Commodity Exchange Administration office trained some of the Bureau of Internal Revenue men who were assigned to the collection of the sales tax on futures transactions which was in effect until July 1, 1938.

The chief offices which are assisted in discovering violations of the law through information supplied by other federal agencies are the Food and Drug Administration and the Commodity Exchange Administration. From the post-office authorities the former receives information on suspicious materials for which mailing privileges have been sought, and it in turn supplies

¹ *Annual Report of the U.S. Department of Agriculture, 1908* (Washington: Government Printing Office, 1908), pp. 465-67.

² *Ibid.*, 1918, p. 212.

them with evidences on violations of the Food and Drugs Act which appear also to constitute infringements of the postal laws. With the Federal Trade Commission, office relations are already quite intimate and should become more so as the Commission expands its activities under the Wheeler-Lea Act of 1938³ and as the new Food, Drugs, and Cosmetics Act goes into complete effect. The two offices consult frequently at the present time regarding interpretations on labels and the like and share evidence of violations. A similar connection exists with the Bureau of Internal Revenue with respect to the oleomargarine tax, particularly during a recent campaign against the adulteration of butter with mineral and vegetable oils. Since violation of one act frequently involves violation of the other as well, the two offices have assisted each other in detecting cases for prosecution by exchanging data uncovered by their investigators.

Most of the contacts of the Commodity Exchange Administration which come under this heading involve only assistance by it to other offices, since no other unit is equipped to discover violations in future trading, while its operations sometimes uncover infringements of other legislation. These contacts are also limited by the provision in the Act against revealing to anyone information on the business affairs of persons investigated by the Commodity Exchange Administration until such facts have been made public through a hearing or prosecution or unless the secretary himself has authorized it. Nevertheless, it often happens that when the Commodity Exchange Administration has discovered a case of falsification of reports by a commission merchant, the latter has also falsified his income-tax returns. When a hearing on such a case is to take place, the Commodity Exchange Administration will notify the Bureau of Internal Revenue, who will send a man to watch the proceedings. There is a similar arrangement with the post office when a man is accused of acting as a commission merchant without a license and may have used the mails to defraud.

³ 52 Stat. 111.

It is apparent that the relationships between offices in the Department and those of other federal agencies do not differ much in kind from those existing entirely within the Department, although they differ in importance. They are more often purely informal in character, and many of those which would develop entirely from the initiative of the field men within the Department are partly stimulated by a declared policy of the Washington offices, particularly those in the last group. But aside from these divergences, the types of contact are remarkably similar. The real difference between the two groups is to be found in the intimacy and frequency of the instances of co-operation. Contacts outside the Department appear to be far more casual and less common than those within its confines. There are two reasons for this. First, the differences in commodities and persons dealt with are so great as to cause the paths of the two groups to converge relatively rarely in the ordinary line of duty, and the functional groupings, as represented by the extra-departmental auxiliary services, are so unimportant as to present no countervailing influence.⁴ Second, since, other things being equal, departmental walls are higher and stronger than those between bureaus in the same department, the formal agencies of interdepartmental co-ordination are not sufficiently developed to overcome the natural tendency. It will be well at this time to examine these agencies in some detail.

Agencies for the facilitation of interdepartmental co-ordination.—The first in both age and importance of these organizations designed to promote co-operation among all offices of the national government in the city is the Federal Business Association. Since the history of these associations and of the Federal Co-ordinating Service, of which they were a part, has already been dealt with,⁵ this discussion will be confined to its present activities and shortcomings. As far as the Procurement Division of the Treasury is concerned, the Business Associa-

⁴ Cf. *supra*, chap. vi, pp. 111-19.

⁵ *Supra*, chap. ii, pp. 25-26.

tion is a foster-child whose legitimacy has never been satisfactorily established. Despite the fact that this Division is presumably in charge of the group, it is so little concerned with co-ordination that whatever the Association accomplishes is to the credit of the group independently. Virtually its only contact with the Business Association is in the matter of clearance of office space for government agencies locating in the city—a function which probably might be better performed by the custodian of the Post Office or the Procurement Division directly.⁶

The Chicago Federal Business Association still holds meetings almost every month, although the attendance, despite the increase in the number of agencies in the city, is rarely over thirty. An examination of the minutes of these meetings indicates that they feature usually a more or less relevant lecture and a business meeting at which calls for equipment and the like are discussed. This is particularly noticeable in December, when the Post Office is anxious to secure additional motor equipment for the Christmas rush. Until 1936 it published a monthly leaflet, *Federal Doings*, summarizing the meetings of the previous month, giving a report on economies effected, and attempting to indicate through short articles what some of the offices were doing. It was discontinued on the death of its editor and publisher. The Association seems to be dominated and directed primarily by the representatives of the Post Office Department, a circumstance which has caused some resentment among the men in the Department of Agriculture, but which is not all surprising since the Post Office Department is the only agency which appears to derive any advantage from

⁶ James W. Fesler in President's Committee on Administrative Management, *Studies on Administrative Management in the Government of the United States* (Washington: Government Printing Office, 1937), IV, 33-34. Other contacts between the Procurement Division and the Association are typified in the survey, made by the Association at the request of the director of procurement, of all outstanding contracts for electric current. *Hearings . . . Committee on Appropriations of the House of Representatives, Treasury Department Appropriation Bill for 1936* (74th Cong., 1st sess.) (Washington: Government Printing Office, 1935), pp. 646-47.

the organization. The fact that the Post Office men see in it little but an opportunity to get more automobiles for the Christmas rush does not add to its value as a co-ordinating unit.

The one redeeming feature of the Business Association is that its meetings do foster a personal acquaintance among those members who attend. To this extent it performs the same service for all the federal agencies that the Department club does for the Department of Agriculture, although it is limited by the fact that very few of the offices send representatives to its meetings. The evidence of a useful interchange of information and of the development of a personal basis for interoffice co-operation is sufficient to suggest that this aspect of its work should be continued and revitalized, regardless of what is done with the rest.

The chief handicaps of the Business Association are two. In the first place, it lacks the vitality which comes from having a person give a good deal of attention to its activities who can secure attendance at its meetings and plan its work. It was one of the advantages of the Co-ordinating Service that such leadership was provided in the person of the area co-ordinator. Many of the field men who are most critical of the Association at present speak highly of the old system in this respect.⁷ The Co-ordinating Service, however, had little interest in co-ordination beyond such petty economies as transfer of property, joint purchases, and the like. This factor has been the most important influence in the Association's development, and it constitutes the second handicap to its effectiveness as a co-ordinating device. The stereotype of the Business Association has become so identified in the minds of its members with the achievement of petty economies that for the most part they cannot see the possibility of expanding its functions in other directions. Probably, any revitalized organization which keeps

⁷ One of those who has been least co-operative with the Department club told the author that the area co-ordinator "really made the men act together and learn something of their mutual problems."

the same name and is not given forceful leadership, directed from some agency other than the Treasury Department, will suffer from the same handicap. Certainly, as it operates at present, the Federal Business Association falls far short of the ideal of a sort of professional association effecting co-ordination through discussion and co-operation in solving common problems.

The National Emergency Council, whose history has been indicated briefly in another chapter,⁸ is the second of these formal agencies of interdepartmental co-ordination in Chicago. The Council is represented in each state by a director whose duties are (1) to supply information to the general public, (2) to co-ordinate field offices of the federal government, (3) to act as a liaison agent between state and federal officials in the field, and (4) to report to Washington on the operation of the field offices. The second and third of these are relevant to the present discussion and are, in fact, the only two which are of any importance in the work in Illinois.

The state director for Illinois has performed his duties in a number of ways. At first he attempted, as did all the state directors, to accomplish his purpose by holding semiannual state-wide co-ordination meetings at which all federal agencies were represented and gave brief reports on their activities. Four of these were held between 1935, when the Illinois office was set up, and 1937—three in Chicago and one in Springfield. While they served fairly well the purpose of getting the men acquainted with one another, they had the hopeless disadvantage of bringing together a large number of officials in one group regardless of whether their functions or problems were in any way related. Recognizing the futility of these large meetings, the state director has for the last two years concentrated on small meetings, attended by twenty or thirty men directing closely related projects and devoted to the consideration of a definite set of problems. This has meant, of course, that such meetings are held only on the initiative of

⁸ *Supra*, chap. ii, pp. 26-27.

one of the parties concerned or at the request of the state director when a particularly serious problem has come to his attention from an outside source.

Liaison work with federal and state officials has been important, though it has been limited to the welfare agencies. Thus, during the 1936 drought, representatives of the Soil Conservation Service, the Farm Security Administration, the Work Projects Administration, the Illinois Emergency Relief Commission, and the United States Employment Service were called together to draw up a composite statement of the services which each was prepared to perform for distressed farmers. Copies of these were sent to each of the farm advisers (county agents), so that they could tell farmers from whom assistance could be secured. Similarly, during the sessions of the state legislature the state director runs a sort of legislative reference service for those bills in which federal agencies are interested.

These operations, however, for a number of reasons have been confined largely to the new or "emergency" activities of the government. In the first place, the Council is decidedly understaffed. The state director is only a part-time employee and has only one assistant. Under such conditions it would be ridiculous to expect the agency to cover effectively all the federal functions in the state. In the second place, the newer agencies which have not yet completely defined their field of activities are the ones in which conflict and overlapping occur—situations which most obviously call for co-ordination. Thus, the state director has worked with the older agencies only when their activities are closely related to the new ones. Finally, the director has found that the newer units are in a better position for effective co-ordination since they do not have to refer so many matters to Washington for decision.

It has happened, therefore, that the offices of the Department of Agriculture which are the concern of this study have had no contacts with the National Emergency Council outside of the four large co-ordination meetings and through the use of the *Directory of Federal and State Departments and Agencies*

in Illinois which the Council issues annually. Officials of the agencies investigated expressed complete ignorance of the activities of the Council. It is not equipped to handle those less obvious but equally important aspects of co-ordination which are necessary among the older agencies. Such units do not produce overlapping and conflict among themselves since their duties have become well established, but for this very reason they are prone to miss opportunities for co-operation.

Thus, the National Emergency Council is at present of no importance in facilitating co-ordination between the Chicago offices of the Department of Agriculture and those of other federal agencies. This might be corrected if some arrangement such as that suggested in chapter vii, whereby a field officer of the Office of Personnel or some other Department-wide central office would assist the Department club in increasing its coordinative activities, should be adopted.⁹ Such an officer might well work with the state director and similar officers in other agencies in promoting co-operation among the old federal units in the field.

A considerable degree of functional interdepartmental co-ordination might be fostered by the extradepartmental auxiliary agencies. In fact, it is recognized that in any adequate system of co-ordination the auxiliary services must bear a large part of the responsibility.¹⁰ As has been noted in chapter vii, however, the centralized organization of most of these agencies means that they are in no position to perform this function.

OBSTACLES TO CO-ORDINATION AND CO-OPERATION IN THE FIELD

Having seen the various forms which co-ordination and co-operation, both intradepartmental and interdepartmental, have taken and having examined a number of instances of such action, we may well ask what the factors are which obstruct

⁹ *Supra*, chap. vii, pp. 148-49.

¹⁰ Cf. L. Gulick and L. Urwick, *Papers on the Science of Administration* (New York: Institute of Public Administration, Columbia University, 1937), pp. 33-38.

their further development, what aspects there are in the organization and responsibilities of these field offices which place limits on the degree of co-ordinate and co-operative activity in which they participate. Some of these have already been alluded to in the course of the preceding discussion, but they can be treated briefly here along with those which have not been mentioned previously.

Perhaps the most obvious factor, the one which is most easily and quickly discovered by the investigator, is a physical one—that of distance. Much has been written of late on the problem of standardizing administrative regions for the purpose of co-ordination, and one of the few points of agreement among these writers is the desirability of a policy of uniformity of headquarters cities.¹¹ With this conclusion it is impossible to disagree, but it should be noted that the problem is not solved by locating a number of field offices in the same city. Distances within a metropolis may be quite as restricting as miles between cities. In Chicago the Department offices are scattered from one end of the city to the other, although a number of them are located in or near the Chicago post-office building. It is significant that most of the more intimate personal and official relationships which the author has found are among the latter, while, for the most part, those agencies which show little interest in contacting the others, either privately or officially, are the ones which are located at some distance from this center.

A second obstacle, to which reference has already been made, is that presented by commodity and functional differences. It was pointed out at the beginning of chapter vii that one of the characteristics of these field offices is that commodity groups are often more important than are bureau lines. While this makes for a certain amount of co-operative effort among those units dealing with the same products, it discourages co-ordination among those which are performing a similar func-

¹¹ See, e.g., James W. Fesler, "Standardization of Administrative Regions," *Social Forces*, XV (1936), 12-21.

tion for different commodities. Among the market-news services, for example, there are few which are not concerned over the problem of recording market receipts by motor truck, yet they have become so accustomed to working independently that there has been no attempt to work out a joint solution in the field.

Another aspect of the same problem is the influence of difference in function, that is, where one group of agencies is performing service or promotional duties and another is engaged in regulation. Thus the voluntary grading and inspection services, which depend for their existence upon the patronage of the trade, and the market-news services, which depend upon the market operators for their most important information—data on individual transactions and output—feel that they must stay as far away as possible from the regulatory agencies. This is particularly noticeable where the service is new, as in canned fruit and vegetable grading. The work is just developing, and those in charge feel that if the canners think that using the service will bring them up against the Food and Drug Administration, for example, they will not adopt it. Even where commodities are related, these considerations are strong enough to isolate the two groups. Thus, while the Division of Livestock, Meats, and Wool, handling market-news work on livestock and meats and grading and certification of meats, the Packers and Stockyards Division, and the Meat Inspection Division are all located in the stockyards and are dealing with the same or related commodities and individuals, the first avoids the other two as far as possible because they are “regulatory minded” and the association would damage its source of information.

The importance of this obstacle to co-ordination lies not in any suggestion that these barriers of commodity and function should or can be eliminated. For the most part they can be considered natural and inevitable, although it is difficult to avoid the feeling that the service agencies are sometimes too chary of their undefined independence. Certainly, the commod-

ity groups often provide a limited sort of co-operation, as has already been noted, which is highly desirable. The significance of this obstacle is rather that the influence of commodity and function may keep these agencies from co-operation through consultation and joint action on common problems of supervision, training, contact with the trade or with city and state officials, and the like.

The third in this group of handicaps is the most important since it is in large part the key to the elimination or modification of the others. It is the lack of encouragement on the part of the central offices of the Department and the bureaus for those devices for co-ordination which have already developed and their failure to provide additional means of accomplishing that end. The earlier discussion of the Department club and of the auxiliary services has sufficiently illustrated the point, but it should be emphasized again that because these agencies are well enough established so that their operations do not cause conflict and overlapping it does not follow that co-ordination is unnecessary. The need for it is less obvious under such circumstances but no less desirable. At the same time there are such genuine differences in technique and procedure among these agencies that the most effective type of co-ordination is that which will facilitate consultation and co-operation on those matters which can be considered of common concern. Without such developments there is nothing to offset the limitations of physical isolation and of commodity and functional specialization.

These three are the most important of the limitations on co-ordination and co-operation in the field, but there are a few more which are influential in certain cases. In the case of the Commodity Exchange Administration the secrecy provision of the law, to which reference has been made above, limits co-operation with other agencies which would be expected where the subject matter of an investigation would indicate that it is not the only office interested in the case. Also, variations in the degree of autonomy enjoyed by field offices have apparently

been a limiting factor at times, although little definite evidence of its influence was discovered. Finally, there is the inevitable personal factor which sometimes operates as a limitation. It is particularly noticeable among these agencies since co-ordination depends so heavily upon the initiative of individuals.

OPPORTUNITIES FOR GREATER CO-ORDINATION

In the course of the previous discussion various suggestions have been made with respect to the purposes which the present co-ordinative devices would achieve. While these do not constitute an exhaustive list, since opportunities of this sort appear and disappear as conditions change, it may be useful to list those to which attention could be given at the present time. Most of them can be achieved through the work of the Department club.

Frequent reference has been made to the need for training in the field, and, while the various bureaus and offices have taken some steps in this direction,¹² there appears to be a definite place for a program of nontechnical material dealing with the problems of organization, of supervision, and the like, particularly those evidenced in the work and structure of the Department. It is undoubtedly true that technical training can best be carried on in the field within the individual offices and on the job, excepting where the number of offices requiring a particular type of skill warrants a more general program. Such cases are rare among this group of offices. But this is not the only desirable kind of training program. Thus, it is not a novelty to observe that the military system of indoctrination of principles through training serves the end of efficient operation.¹³ Writers on public administration frequently have emphasized the desirability of this sort of program.¹⁴ It is this

¹² See *supra*, chap. v, pp. 98-103.

¹³ See S. Lyle Post, "Co-ordination of National Administration," *American Political Science Review*, XXIX (1935), 269-74.

¹⁴ John Gaus, for example, points it out in the following words: "Each member of the organization must have as good a comprehension as possible of the relationship of his particular function and responsibility in the organization

type of purpose which a nontechnical training program should serve.

The device of informal consultation, either under the sponsorship of the Department club or outside of it, could be expanded in a number of ways. In particular, it could be directed at specific problems which the heads of the local offices have in common. For example, a number of them have occasion to work with city and state offices. While the organization of this relationship is not as crucial as in the case of federal-aid activities, in that neither the federal nor the state and local functions are dependent on it, much could be gained by conferences on procedure in this type of case.¹⁵

Finally, the group could constitute themselves a general clearing house for information to the public. Several of the offices attempt to do this at present, but the work could be considerably expanded and systematized. The National Emergency Council is supposed to perform this function for all the federal agencies, but it has not been publicized enough to do it very extensively and is probably not qualified in that respect excepting for the "emergency" agencies.¹⁶ For the time being the field offices of the Department must act as sources of information on all its activities, and in preparing themselves to perform this function they will be participating in a modified type of training, as the group must assume the responsibility for qualifying its members to act in that capacity.

to . . . [its] ultimate purpose if his work is to be done intelligently and effectively" (J. M. Gaus, L. D. White, and M. E. Dimock, *The Frontiers of Public Administration* [Chicago: University of Chicago Press, 1936], p. 67).

¹⁵ Ball notes that the state colleges of agriculture, though independent and widely scattered, make a more coherent body than does the Department, principally because of their annual conferences (Carleton R. Ball, *Federal, State, and Local Administrative Relationships in Agriculture* [Berkeley: University of California Press, 1938], p. 27).

¹⁶ For a discussion of special "contact" agencies for the federal government see Charles A. Beard and G. H. E. Smith, *The Future Comes* (New York: Macmillan Co., 1933), pp. 128-30, and Fesler in *op. cit.*, pp. 12, 15. The latter suggests that a proper type of system is established in the National Emergency Council.

CONCLUSIONS

The foregoing pages have developed a picture of a variety of devices for the achievement of co-operation and co-ordination among the field offices of the Department in Chicago and between them and the other federal offices in the city. It has been indicated that in both cases a wide variety of mechanisms for accomplishing this purpose has been employed.

Of the formalized types—those which can be considered a part of the formal organization structure—it can be said that one, the Federal Business Association, has been of little value. While it has attempted to foster personal acquaintance among its members, it has devoted its primary attention, owing principally to its location under the Bureau of the Budget and the Treasury Department, to such minor matters of co-ordination as petty economies in materials. In doing so it has completely neglected the broader aspects of co-ordination and has become so thoroughly identified with the other type of activity that little value would be derived from an attempt to revive it. The other formal mechanism outside the Department—the National Emergency Council—has apparently been effective within the limited sphere of the New Deal agencies, but it has had not the slightest influence upon the older agencies of the Department. Its facilities are so limited that there is little possibility of its improving its position in this respect.

Inside the Department the only agency which could be classified with the above is the Department club, whose particular virtue is that it has been a spontaneous outgrowth of the interests and desires of the field men in the city. As such it has no recognized duties in the hierarchy, but through its facilitation of personal acquaintance and the exchange of information it has performed a highly valuable co-ordination function—accomplishments which are dimmed, however, by comparison with the potentialities of the organization.

The auxiliary services both within and without the Department, particularly those performing the personnel and legal functions, have not realized an opportunity for specialized co-

ordination which is peculiarly theirs. Excepting for the Office of Personnel, which has been the only central office to assist the Department club and has taken some interest in training in the field, the auxiliary services have concentrated in the departmental services the influence of their horizontal lines of technical authority.

It is the particular value of formal co-ordinating mechanisms that they can perform a function of importance to the older agencies of the Department. Where these have become so well established that jurisdictional conflict is unlikely and where commodities are the centers about which informal co-ordination and co-operation revolve, there is a danger that the field offices will neglect those opportunities for co-operation associated with common problems unrelated to those commodities. Such positive co-ordination does not seem to be adequately provided for in the present organization.

In case it should be suggested that such co-ordination be effected by an official "co-ordinator" representing the secretary in the field, it may be well to note that the very strength of these commodity and bureau or divisional lines would make such an officer an anomaly. Even if such matters as territorial jurisdiction could be settled satisfactorily, his position would probably be at least as indefinite as that of the regional directors of the Social Security Board, whose status has recently been criticized.¹⁷ A more satisfactory solution would be the further development of the Department club along the lines indicated and possibly an arrangement for tying it in with some interdepartmental agency such as the National Emergency Council.

Most numerous and most important in the operating picture of the Chicago offices of the Department are the interoffice types of co-operation, most of which are informal and are the result almost entirely of the initiative of the field men. Ranging from the mere exchange of information to active co-operation in the development of administrative procedures, these

¹⁷ See *supra*, chap. ii, p. 34.

interrelationships affect every office which has been examined in the course of this study. Intimate personal contacts and the habits of co-operation which such informal relationships develop are of inestimable importance in the smooth functioning of the administrative machine. Alone they are not sufficient, but no formal co-ordinating mechanism could be sufficient without them, and, as the field services of the Department are at present organized, they are the principal source of co-ordinating influence.

CHAPTER IX

RELATIONSHIPS BETWEEN THE FIELD OFFICES AND PRIVATE GROUPS AND INDIVIDUALS

ONE of the principal advantages of administrative decentralization is that it brings the government into more intimate contact with the governed, with the result that it can adjust administrative policy and practice to local peculiarities and can continually win the consent of those affected by declarations of national policy. The field offices of any decentralized department can narrow the gulf between the citizen and the bureaucracy and, hence, can contribute in large measure to the over-all efficiency of the latter. It seems apparent, therefore, that a discussion of the nature and importance of the relationships between the field offices and individuals and groups affected by their activities should indicate not only the extent to which they are performing this public relations function but also the extent to which they are permitted to develop such contacts within the organizational framework of which they are a part.

TYPES OF GROUPS

The Chicago field offices of the Department of Agriculture have occasion in the course of their operations to come into contact with a variety of trade and interest groups. The most familiar of these, although not necessarily the most numerous or important, are the national trade associations of the usual type, such as the American Butter Institute, the Evaporated Milk Institute, the Millers National Federation, and the Institute of American Meat Packers. Where they happen to have their national or branch offices located in the city, it is entirely natural for them to deal with the Department's field men

whenever the latter are able to assist them in solving the common problems of, and in performing services for, their members.

A second type includes those groups in the city which are organized to provide public markets. While they are interested in promoting the welfare of a particular industry or commercial function, their principal purpose is the performance of a series of marketing operations. This group includes the Chicago Board of Trade, the Chicago Mercantile Exchange, the Chicago Open Board of Trade, and the Union Stock Yards and Transit Company. Unlike the trade associations, these organizations deal with the field offices in the course of their marketing operations, and their activities and those of their members are the principal concern of several of the Department offices with which they come in contact. This circumstance makes them of peculiar importance in this study.

Closely related to these are the groups of the third type, the associations of operators in the local markets—commission men, traders, and the like. They include the Chicago Livestock Exchange and the Traders Livestock Exchange. These groups are very similar to the usual trade association on a local basis with the difference that as a rule they have disciplinary authority over their members, so that, while their contacts with the field offices are on a purely voluntary basis, their activities are frequently much more closely integrated with those of the field offices than are those of the trade associations.

Resembling this type are the producers' co-operative marketing associations located in the stockyards, the Chicago Producers Commission Association—a constituent unit of the National Livestock Marketing Association—and the Farmers Union Livestock Commission Association. These groups are under the surveillance of the Packers and Stockyards Division of the Agricultural Marketing Service, just as are organizations of the third type and their members, but their position as co-operative associations of producers makes their relationship with the field office sufficiently different to justify treating

them separately. They are not like commission men, since their operators in the yards are not benefited directly by livestock sales. They have a different attitude, therefore, from that of the commission men and traders toward the regulation of operations in the yards.

Finally, in addition to these groups, the field offices have contacts with a number of individual dealers and firms in the trades affected by their operations, with chambers of commerce and grain trade organizations in the outlying towns, and with similar associations. These relationships are of varying importance and may be either voluntary or the direct result of provisions for licensing and the like in the laws administered by the field offices.

The outstanding peculiarity of the relationships of these offices with private individuals and groups is the almost complete absence of contacts with farmers and with consumers' groups. The co-operative livestock marketing agencies are the only farm organizations with whom significant relationships exist. Consumers' groups, as might be expected, are even more rare. About the only contact with them is an occasional request for information or a demonstration from consumers' co-operatives to the grading services, particularly those on meats and canned goods. By and large, therefore, the "public" of these field offices of the Department is limited, as far as organized groups are concerned, to trade associations, the officers who represent organized commodity markets, associations of operators on those markets, and a few producers' co-operative selling organizations. In other words, their contacts are rather largely concentrated on those groups and individuals who are directly active in the marketing operations which are the object of their attention.

NATURE OF RELATIONSHIPS WITH THE TRADE

The relationships with these types of private groups and individuals are both numerous and various, and they involve a degree of interaction and mutual assistance which defies the

popularly rigid difference of interest between "government" and "business." To a considerable extent the relationships with the trade picture the field offices as adjusters and facilitators rather than policemen. Even among the familiar trade associations, which are almost a stereotype of the business "pressure group," special pleading is rare, while discussion and mutual assistance are characteristic.

The field office supplies information.—As one might expect, one of the most common reasons why these groups contact the Department's field offices is to obtain information. The field men exercise an authority of knowledge which is sometimes even more readily recognized by the trade than by their superiors. Some of them, of course, such as the market-news services, have been established almost solely for this purpose.

This sort of relationship, however, is not limited to the "service" activities. It is equally important among the regulatory agencies, which use this means to inform the trade of its obligations under the law. In the Food and Drug Administration this type of activity has been important from the beginning. In fact, the field offices are the primary source of information to the trade, either by personal conferences or by speeches to the meetings of trade groups. Probably the most important work of the trade association, however, is to secure from the field offices information which will help prevent unwitting violations on the part of their members. A similar situation obtains in the other regulatory offices.

It thus appears that these field offices, as far as they are competent to do so, are performing the function of keeping their public informed of the requirements of the law—a public relations function which is probably handled best by technically qualified officials rather than by a single informational agency. At the same time they are assisting these persons in the trade with more general information unrelated to the requirements of regulatory legislation. It may well be that this sort of informal explanation of legal provisions is one of the

principal values of field organization, whether slightly or highly decentralized, in the administration of regulatory laws.

Licensing graders and samplers in the trade.—Several of the Department's agencies issue licenses to persons in the trade or require them to register before carrying on certain functions in the market. These are an integral part of the regulatory procedure. One of these—the Grain Division—uses licenses to authorize persons in the trade to perform a service which it carries on itself. Employees of public warehouses or banks, station agents, and other persons financially disinterested in grain shipments are licensed as samplers. These samples are graded by the licensed inspectors, who in many cases are employees of chambers of commerce and boards of trade. A qualifying examination is required of these men, and all disciplinary and supervisory powers over them are reserved by the Division. The importance of this arrangement is that these employees of private organizations are all but incorporated into the Department's machinery.¹ A similar procedure in the licensing of samplers is followed in the grading of canned fruits and vegetables.

Regulation without prosecution.—As has been suggested earlier, the supplying of information by the field offices to the trade is one means of accomplishing the purposes of regulation by prevention rather than by punishment. Some of the Department's units, through active co-operation between the field offices and various groups in the trade, place a major emphasis upon the achievement of the purposes of regulatory legislation through informal means and without resort to coercive powers.

This type of relationship is perhaps the most interesting of all the connections between the field offices of the Department and the trade organizations, since it demonstrates at once the role that can be played by an adequately empowered field office in establishing a consensus on the ethics of market operation in the vague border zone which separates the activities of busi-

¹ This contact is limited in the Chicago district, because all licensees are either state employees or independents.

ness and government. It is strikingly exemplified in the connections between the field office of the Commodity Exchange Administration and the officials of the Chicago Board of Trade, typical of the relations between that office and the other exchanges in the city.

It will be remembered that the Commodity Exchange Act, like its predecessor the Grain Futures Act, requires that designated "contract markets" enforce their own rules against members, which rules must be filed with the Commodity Exchange Commission, and that they prevent manipulation and "corners." It will be recalled also that the Commodity Exchange Administration receives a series of reports from markets, operators, and agencies which indicates the relative position of such persons in the market. This combination of factors accounts for the fact that the local supervisor of the Commodity Exchange Administration is in a position to observe developments on the market which tend to defeat the purposes of the legislation. Thus, it is possible for him to bring to the attention of the market officials matters of this sort on which action should be taken.

The provisions of the Act include ample penalties against both markets and market operators against whom violations of the legislation can be proved. It would be entirely possible, therefore, for the enforcement agency to confine its activities to the detection and prosecution of such infringements. Instead of this, however, the effort has been made to prevent the occurrence of such cases and, wherever possible, to permit the markets to accomplish this through their own efforts and with a minimum of pressure from the enforcing officials. The principal means of accomplishing this policy has been the field office and particularly the principal supervisor. This official deals primarily with the disciplinary body of the Board of Trade—the Business Conduct Committee.

One of the principal reasons for the peculiarly intimate contact between the local Commodity Exchange Administration supervisor and the exchange is that at the request of the Board

he or one of his principal assistants attends all the meetings of the Business Conduct Committee. The arrangement permits the supervisor to gain a more personal understanding of the Board's problems than is possible through reports, and the market officials feel that relations with the regulatory agency have been much smoother since he has sat with the committee.²

A typical recent example of this relationship, which occurred in connection with the December, 1936, wheat and corn futures, will show its importance. Stocks in Chicago were low, and "congestion" was threatened as the futures approached maturity. The local supervisor called the attention of the Business Conduct Committee to the situation and pointed out that one firm alone had a "long" position in December corn of nearly eight million bushels. The committee thereupon issued an order to that firm to refrain from adding to its open contracts and to liquidate approximately 40 per cent of its holdings by the middle of the month. "As a result of the vigilance of the local representatives of the Administration and the co-operation of the business conduct committee the month closed without violent price movements."³

Thus, it appears that despite the centralized enforcement machinery which has been discussed in an earlier chapter,⁴ the operating mechanism is in fact quite decentralized, since the volume of work carried on by dealing directly with the trade in the field is so large that punitive actions under the law are relatively infrequent. This analysis does not mean, of course, that the relations between the Board and the Commodity Exchange Administration have been entirely cordial over a period of years.⁵ The important consideration, however, is that the

² An official of the Board told the author that he would not accept the chairmanship of the Business Conduct Committee unless the market supervisor met with them.

³ Cf. *Annual Report of the Commodity Exchange Administration, 1937* (Washington: Government Printing Office, 1937), p. 17.

⁴ Cf. *supra*, chap. iv, p. 76.

⁵ Cf. Chicago Board of Trade, *Annual Report of the Trade and Commerce of Chicago for the Year Ending December 31, 1932*, pp. 19-21.

local officials of the Department have succeeded in developing a remarkably close working relationship with a market which has long been characterized by "a blind determination to avoid examination by public agencies."⁶

Other regulatory agencies of the Department in Chicago to a more limited extent have attempted to achieve through the organizations in the markets the objects of regulation without resorting to prosecution.⁷

The field office assists in enforcing trade rules.—The co-operation between the field offices and the trade associations and market organizations not only accomplishes the objectives of regulation without resorting to prosecution but also assists these groups in enforcing their own rules. In some cases these are more stringent than the regulations of the supervising agency, but the trade groups are not always in a position to see that they are observed. Thus, for example, the Board of Trade is without machinery for detecting violations of its rules, excepting the complaints of members or customers. The field office of the Commodity Exchange Administration, therefore, is in a good position to call the Board's attention to abuses of its own rules. But the value of this sort of assistance lies not alone in the detection of abuses. As an outside force whose duty it is to see that the exchange polices its membership, the field office is able to bring pressure to bear on the market's officials in order that the market's welfare is not lost in the clash of interests in the pit. In a market as broad as the Board of Trade the actions of the exchange's officials are often hampered by the diverse interests which do not want to be damaged. Under such circumstances the field office can shoulder

⁶ *Annual Report of the Secretary of Agriculture, 1938* (Washington: Government Printing Office, 1938), p. 105.

⁷ These offices lack the penal powers of the Commodity Exchange Administration, which are peculiarly adapted to this device. Hence, the voluntary element is greater in their work. They include the enforcement of the Produce Agency Act and the Perishable Agricultural Commodities Act, the Packers and Stockyards Administration, and the application of the Food and Drugs Act to whole grain.

the responsibility for urging the Board to treat the market's interests as paramount.

The trade supplies information.—Trade groups and individuals firms are not only the recipients of assistance or the instruments of effecting a policy. They are in many cases an important source of information for the field men. In the market-news services, for example, individuals and organizations in the trade are an indispensable adjunct to the reporting process. Also, as has been noted in an earlier chapter,⁸ the field men are responsible for maintaining such cordial relations with the sources of their data that the latter will feel that they are getting more than they are giving. These contacts, however, are more frequently with individuals than with organized groups. The voluntary inspection services are, of course, dependent upon the patronage of the trade, and when they are new they frequently need the publicity given by trade associations in spreading the service. Such contacts occur also in the regulatory agencies.

Almost all the trade groups supply the field offices with a particularly valuable type of information, namely, complaints against the quality of service rendered or the methods followed by the various agencies and their field representatives. Often these cannot be settled in the field, and in particular cases, depending either on the seriousness of the complaint or on the nature of the complainant, the matter will be taken directly to the Department in Washington, to the president, or to Congress, without consulting the field. It is the peculiar value of the branch office, however, that it can receive the major part of such information and either settle the questions at once or indicate how they can be settled. Moreover, the close connections which are possible between the trade and the field offer a means of insuring the lodging of all complaints which are justified. These are of particular importance in the grading and market-news services, where co-operation in developing new standards and improved methods is common.

⁸ *Supra*, chap. viii, p. 163.

The trade assists in investigation.—Not infrequently individuals and groups in the trade extend the supplying of information so far that they assist in the investigatory activities of the field offices, both those which are entirely a matter of research and those which involve the detection of violations of the law. Assistance of this sort comes much more frequently in regulation than in research. The field office of the Food and Drug Administration receives reports of violations from all sorts of persons in the trade. Occasionally, a firm will even go so far as to report a customer, and not infrequently a trade group will report violations by its members.

While this type of relationship is of some importance in all the regulatory work, it is limited in the case of the Packers and Stockyards Act by the unwritten code of the yards which restrains individual commission men and traders from reporting violations which come to their attention. Boycott and other more subtle forms of retaliation are the penalty for such action. The co-operative selling agencies, however, are too large to be afraid of such retaliation, and they are thus a fruitful source of information on violations of the Packers and Stockyards Act.

FACTORS GOVERNING THESE RELATIONSHIPS

Having viewed the variety of forms which are taken by the relationships between the field offices and the groups and individuals in the related trades, attention can now be directed to the factors which appear to influence the extent to which these connections develop. At first glance one would expect that among the distinctly service activities relations with the trade would be considerably closer than among the regulatory agencies. The above recital of the types of contact, however, plus the attitudes of those participating, indicates that such is not the case. It is natural that the trade feels somewhat more free with the market-news men and graders than with the agents of the regulatory units, but the peculiar fact is that the difference is relatively slight. Several factors account for this.

In the first place, the relation between the field officials and the trade is often one which is in part prescribed by law. Second, where the field office is in large measure an arbiter rather than a prosecutor, the usual stigma of regulatory responsibility is modified. Third, where a large and representative trade association has been in part responsible for the passage of the legislation under which the field office operates, relations with the officials of that group will be fostered. Finally, where the field office is able to assume some of the onus for enforcing a trade group's rules against its members, a more cordial connection may be developed.

For one reason or another, therefore, it seems that whatever the distinction is between regulation and service, it does not appear sharply in the degree of intimacy of relations with the trade. The only important exception to this applies to the newer regulatory activities. The early experience of the Grain Futures Administration indicates that the field office of a new regulatory agency cannot expect to receive much voluntary co-operation from persons in the trade until its activities have largely lost their controversial aspect—a result which can be influenced by the field men.

One factor which governs the field-trade relations and in part explains the lack of a strict distinction between service and regulatory activities in these matters is the relative authority of the local office. In any of the agencies matters of general policy must inevitably move to the central offices for decision. It follows, then, that where the principal reason for contact between the trade and the field lies in specific cases which the latter is competent to settle, the frequency and intimacy of the connections between the two will be greater than where the principal reason for contact is the determination of general questions. In the service activities there is little occasion for contact on specific cases with groups, although they may deal with individuals daily in the course of their work. The regulatory agencies, however, are contacted by groups for interpretations of rules and regulations, to report violations,

and to supply data desired by the field officers to facilitate investigations. This rule does not always fit, however, for it sometimes happens that if other factors are favorable the trade group will deal with the field office first on a general question even when it is fairly certain that the matter can be settled only by the central office.

There seems to be an inevitable tendency for trade groups to handle the questions in which they are particularly interested by going to the highest official with whom they have any connections. Thus, where the group is primarily a local organization it will be more likely to deal with the field office, at least in the first instance. This seems to explain in part the resort of the Board of Trade to the local supervisor in almost all cases before going to Washington. It also indicates why the Chicago Livestock Exchange and the Producers Commission Association follow a similar procedure with the Packers and Stockyards Administration. But the Millers National Federation, with offices in both Chicago and Washington, handles 90 per cent of its problems in the central offices of the Department.

In this connection it may well be inquired what, if any, effect is felt in the field as a result of pressure on the Washington offices. Such incidents are difficult to discover, and their effects must be assessed on the basis of rather fugitive information. The field men are reluctant to discuss such matters excepting where they reflect favorably on the Department, and the observations of persons in the trade must be taken with some caution. It appears that as a rule when matters which directly concern the field men are taken to Washington over their heads, the central office consults the field men before decision is made on the complaint. The evidence indicates, however, that this is not always the practice where the plea of the trade group does not involve any particular field man or office or where it applies to a policy of the administrative unit. Under these conditions the short-circuiting of the field offices at times results in widening the gulf between the central offi-

cial and the field which was noted in an earlier chapter.⁹ It may also cripple the friendly relations which the field men have developed with the trade. In more extreme cases it may seriously obstruct the effective administration of the laws.¹⁰

Since it appears that the authority of the field office is a determining factor in its relations with the trade and since the tendency of trade groups which have ready access to the capital is to short-circuit the branch offices, it seems apparent that the policy of the central office is of particular importance in developing contacts between the trade groups and the field representatives. This is nowhere more apparent than in the case of the Commodity Exchange Administration. Faced with a delicate regulatory problem, it has from the first tried to encourage the exchanges to take a major share in instrumenting the policies of the regulatory agency. The result of this policy is, as has been indicated above, that the local supervisor and the officials of the exchange usually work out in the first instance solutions for all but the most general questions of regulatory policy, although the procedure is not always followed strictly.

It is worth noting that where the central office fails to stimulate friendly contacts between the trade and the field offices, even the service activities may engender the attitude in the trade which is usually associated with regulatory agencies. Thus if a grading service presents the trade with a set of grades to which the latter has not been able to contribute, as happened recently in the case of butter,¹¹ the trade is forced

⁹ *Supra*, chap v, p. 103.

¹⁰ Cf. the circumstances surrounding the secretary's suspension of the reporting requirement under the Grain Futures Act in 1932, as reported in *Annual Report of the Grain Futures Administration, 1933* (Washington: Government Printing Office, 1933). Cf. also the course followed by the Commodity Exchange Commission in the controversy between Cargill, Inc., and the Chicago Board of Trade (*Annual Report of the Solicitor of the U.S. Department of Agriculture, 1938* [Washington: Government Printing Office, 1938]). This appears to be a clear case of short-circuiting the field official who had attended the Board's trial of Cargill.

¹¹ Cf. *supra*, chap. v, p. 92.

to deal with the central office, and its feeling toward the officials may be one of definite resentment.

Such procedures are to a considerable extent a matter of personality, and personal qualities apparently play an unmeasurable but important role in determining the relations between the field and the trade groups. The personal factor, moreover, is as important in the field as it is in the central offices.

SUMMARY AND CONCLUSION

This chapter has indicated that the field offices with which this study has dealt have a variety of connections with a number of groups and individuals in the trades which are affected by their activities. These groups include the national associations which have either main or branch offices in the vicinity, the organized markets, associations of operators in the local markets, and a few producers' groups. The almost complete absence of farmers' organizations¹² and of consumer associations from this list indicated that the public of these field offices is limited to the trades directly interested in their work.

The diverse relationships which have resulted from the contacts with these groups and with individuals present a rather complex pattern. While some of them are the direct result of legislative provision, the majority are dependent upon the purely voluntary action of both field and trade, and those which are legally prescribed have frequently developed an aura of voluntary, informal connections which increase their significance. They present a picture of interdependence and interaction which indicates that trade groups are almost as important in the work of the field offices as the latter are in that of the former. The field offices supply information to these groups, both on routine matters and on the latter's obligations under the law. They, in turn, receive from some of these organizations data necessary to their investigations. In some cases they

¹² It is interesting to consider that the fact that the farmers are present in the public of the field offices only through large producers' associations, in addition to the trade associations, indicates how much the country is in a genuinely corporative state.

assist in enforcing the rules adopted by the associations and attempt the settlement of disputes between persons in the market. The trade groups not infrequently report violations and in other ways increase the effectiveness of the regulatory agencies. Where the situation permits, the field offices work through the trade groups to accomplish the purposes of regulation without resorting to prosecution or other formal action. Finally, the field offices and the trade groups co-operate in investigations and in working out suggestions for altering the procedures by which the former operate.

Among the factors which condition the extent of these interconnections, it is surprising to note that the line between service and regulatory activities is of much less importance than one would expect. The important determining influences in these interconnections are the extent of the authority of the local office, the policy of the central office on relations with the trade, and the personal qualities of the key men both in Washington and in the field. In those relationships which are the direct result of legislative provision, this factor is important initially, but in the extension of these contacts beyond the mere requirements of law the other influences are determining.

It should also be noted that the organization of the trade groups is an element of importance, since in the handling of matters which they consider of unusual importance these associations will contact the official highest up the hierarchy whom they know. Thus, while there is a marked tendency for questions of general concern to move toward the central offices, this is accentuated where the petitioning group is one of national scope which maintains headquarters or a branch office in Washington. The local associations usually approach the field in the first instance even with policy matters before taking them to the central office or in order to have the field men take up the question directly with their superiors. Even among the larger groups, however, if their relations with the local representatives are particularly close, such matters may

be discussed with the field men, although it is fairly certain that the latter have no authority to make a decision.

It appears that these conditions, especially the slight degree of decentralization enjoyed by most of the offices, render unimportant at present the hypothetical problems of control and uniformity of policy. The relationships of the field offices with the trade groups are characteristically not of the pressure-group type. Since, however, an increase in the type and frequency of relationships between the field offices and the trade depends primarily upon the policies adopted by the Washington officials, upon a greater degree of decentralization, these problems will become more important when, and if, the authority of the field men is extended. It would then be imperative to find some means of extending the "public" of these offices beyond the limits of the individuals and groups in the trades immediately affected. It is entirely possible that a solution in part might be found for these problems in a development of the co-ordinative devices discussed in an earlier chapter. Even under present conditions there is a definite need in many cases for the definition of a clear-cut policy by the central offices with respect to field-trade contacts. Such definition could without increasing field authority, raise these contacts from the level of accident to that of purpose.

One of the principal potential values of the field office is its position as a means of informing the trade and the general public of the services of which they can avail themselves and of the obligations which they will be expected to fulfil. Not the least important aspect of the public relations function which may be assisted by developing the type of relationships discussed in this chapter is the part played by officials in modifying the ignorant hostility of groups in a market. Particularly in the case of the Board of Trade, owing to the attitude of the exchange and to the mysteries of future trading, farmers and others have been more than ready to assign all their financial difficulties to the machinations of market operators. Over a period of years the market has come to look upon the rules of

the Commodity Exchange Administration as security against criticism, and, on the other side, there has been "a marked tendency, even among the former critics of the exchanges, to re-examine them and their methods, to re-examine trading in futures, and to reach a new estimate of the value of the entire system."¹³

The field office is also a means of tapping the experience and attitudes of qualified groups of citizens for the advancement of an efficient and responsible administration. From the above discussion it appears that the field offices which have been examined in this study are effectively performing these functions, within the limitations imposed by their status in the organization of the Department. Characteristic of their operations are interaction with the trade groups and participation of the latter in the administrative process. A few of them have approached in marked degree a solution for the problem of including the specialized knowledge and interest of the private citizen in administration.

¹³ *Annual Report of the Secretary . . . , 1938*, p. 105.

CHAPTER X

CONCLUSIONS

THE field services of the federal government are a "dark continent" in the study of American public administration. During the fifty-three years since Woodrow Wilson first pointed out the desirability of giving scholarly attention to the problems and needs of administration¹ most of the subject has been surveyed, and much of it has become familiar to students and even to the general public. In all these investigations, however, relatively little attention has been given to the field service, in spite of the fact that only about 20 per cent of the administrative employees of the federal government are stationed in Washington.² It has been the purpose of the present investigation to throw some light on the nature of this army of civil officials by a case study of a selected group of offices of the United States Department of Agriculture located in Chicago. More specifically, its object has been to suggest the degree of decentralized operation characteristic of these offices, to indicate what advantages of decentralization have been secured, and to isolate those influences

¹ "The Study of Administration," *Political Science Quarterly*, II, No. 2 (June, 1887), 197-222.

² Among the more important studies which have been directly concerned with the field offices are Carroll K. Shaw, *Administrative Control of Field Services in the United States Treasury Department* (abst. of Ph.D. diss., University of Illinois, Urbana, 1933); Paak Shing Wu, "The Federal Inspectorate: A Study in Federal Aid Administration" (unpublished Ph.D. diss., University of Chicago, 1930); James W. Fesler, "Executive Management and the Federal Field Service," in the President's Committee on Administrative Management, *Studies on Administrative Management in the Government of the United States* (Washington: Government Printing Office, 1937), IV, 27-46, and "Standardization of Administrative Regions," *Social Forces*, XV (1936), 12-21; and National Resources Committee, *Regional Factors in National Planning and Development* (Washington: Government Printing Office, 1935). A number of other studies have dealt with the problem incidentally.

fostering and those obstructing the development of a decentralized structure.

The Chicago field offices of the Department owe their location in the city to the same factors which have produced that metropolis. Located in one of the richest agricultural producing areas in the world and blessed by a peculiarly strategic position with respect to transportation facilities, Chicago has become of primary importance in the marketing of agricultural products and by-products. As maladjustments have developed in this marketing machinery, the Department of Agriculture has been authorized to deal with these problems through certain service and regulatory devices, and these are the principal concern of the Department's representatives in Chicago. The market-news services provide authoritative data on market trends; the inspection work implements a standardized language for trading in agricultural products over long distances with a minimum of delay and misunderstanding; regulatory activities protect the centralized grain and livestock markets against manipulative and monopolizing practices, enforce fiduciary obligations between operators in the markets, and protect the channels of commerce from contamination and dislocation by adulterated, unwholesome, and fraudulent products.

The field men of the Department in Chicago thus represent the agricultural marketing problems of the city and its hinterland in the Department's operating structure. They are dealing with situations which are at once national, regional, and local, and they are in a position to present to the policy-making officials of the organization the needs and peculiarities of the area in terms of those situations. The extent to which they do so, however, is conditioned by their relations with the headquarters offices in Washington.

As the Department of Agriculture has developed from an institution concerned primarily with research and promotional activity to one which assumes a heavy responsibility for guiding the production and marketing of the nation's agricultural products, it has faced an increasingly difficult problem of di-

recting and controlling a tremendous force of employees, over 80 per cent of whom are located outside of Washington. The variety and magnitude of the Department's activities have caused the principal responsibility for organizing and dealing with the field men to devolve upon the bureaus and their subdivisions. For this reason it is impossible to characterize completely in a single statement the relations between headquarters and field. The members of this group of field offices have been compared with one another in terms of a number of proposed criteria of decentralization: the formal organization of their relations with Washington, the frequency with which matters are referred to the headquarters for decision, the provisions for appeal from the field, the number and specificity of the general regulations under which the field agents operate, and, finally, the nature and diversity of the duties performed by the various bureaus. On the basis of this comparison it appears that the bureaus whose organization provides for co-ordination in the field permit more freedom and initiative in, and have delegated more authority to, their field offices than is the case with those bureaus whose field organization is in effect merely a projection of the headquarters organization.

The provision for formal co-ordination in the field, however, is primarily an evidence of decentralization and only secondarily a cause thereof, since there are, within the bureaus which lack such arrangements, divisions whose field units are fully as independent of the headquarters as are the field offices of the bureaus whose organization includes co-ordination in the field. Moreover, where a bureau is characterized by diverse functions, where those activities cannot be neatly subdivided in terms of geographical areas, and where both service and regulatory functions are combined within the same unit, the provision of co-ordinated direction in the field is practically impossible.

The factors which tend toward centralization in the relations between the field and the central offices are less closely related to matters of bureau organization. They are more de-

pendent upon the nature of the functions performed by the unit and upon the organizational policies of the Department as a whole. Aside from the reluctance of executives to delegate responsibility, which is always a factor in problems of this sort, the most important influence is the demand for uniformity. This is particularly characteristic of the grading and inspection services, but it is also important in connection with the handling of alleged violators of regulatory laws and with the issuance and suspension of licenses. Finally, it is sometimes the result of limitations applied by the courts on delegation within the departmental structure.

Of equal importance among the conditions fostering centralization is the organization of the auxiliary services, especially that of the Solicitor's Office. There is a definite tendency to confine such service activities to the central offices and to neglect the peculiar technical and local problems with which the field is dealing. The result of this is an accentuation of the difference which exists between the departmental and the field services. The latter must continue to submit cases to the solicitor for prosecution, although they may not know the reasons for rejecting cases on which no action is taken. The former deal with these alleged violations on a plane of legal generalization which appears often to be inadequately related to the peculiarities of the markets with which they deal. As far as personnel is concerned, the fault is less one of forcing the field office to handle in the central offices matters which could better be dealt with outside than one of failing to extend to the field the positive activities which could foster a greater degree of decentralization in the operating bureaus. The same conclusions, moreover, apply to the extra-departmental auxiliary services, strengthened by the fact that departmental boundaries are an additional barrier to contacts in the field. As far as the legal services are concerned, this condition is probably in large part the result of the American insistence upon legal correctness which has exaggerated the role of the lawyer in the public service. To that extent there is little that the Depart-

ment can do to improve the situation. It appears, however, that decentralization or geographical subdivision in the Solicitor's Office—which is actually, if not formally, one of the primary decision points in the organization—would go far toward achieving a more satisfactory relation between the operating and the service agencies. It would minimize misunderstandings between the field and the legal technicians. Moreover, it would permit the field men, whose technical qualifications and knowledge of local peculiarities differentiate them from the central officials, to contribute to the decision-making process in a way that the present arrangements forbid.

Other factors which tend to minimize the importance of the branch offices are more closely related to the peculiarities of individual bureaus and divisions. Where the unit is dealing with a series of interdependent markets throughout the country, the role of the field man will necessarily be limited. Similarly, where some of the objects of administrative action, such as fruit and vegetable producers, are widely dispersed over the country and any given market draws on all for supplies, it is unlikely that considerable decentralization can take place, since jurisdictional areas cannot thus be adequately defined. Also, the desire to maintain friendly relations between the field and the trade may contribute to a centralization of decisions on punitive action, and the necessity for settling occasional jurisdictional disputes will operate in the same direction.

These centralizing influences are so strong that with few exceptions the operations of these field offices are quite closely controlled by the central officials. Local variations are confined within relatively narrow bounds. The primary result of this is that the gulf separating the headquarters from the field services has not been bridged. The field men appear to feel that their operations are less important to the Department than are those which are carried on in Washington—an attitude which is apparent in an almost unhealthy deference toward those in the central offices. It also appears at times in the attitude of the trade groups toward the field offices. While

this is in part an inevitable consequence of the hierarchical principle, it is encouraged by the centralization of the auxiliary services and by the occasional instances in which the opinions of the field men are ignored or their judgment is not solicited in making decisions. While this condition has produced no immediately serious consequences, its intangible effects are probably considerable in the long run. Because of their location and their contacts the field men are in a position to make a contribution to the efficiency of the entire organization to which the central officials can have access in no other way. If the men in the branch offices feel that they are merely appendages of the headquarters, however, they can hardly be expected to develop much initiative in this respect.

Alongside the factors favoring centralization there are a number which tend in the opposite direction, some of which go far toward achieving the ideal of enabling every level of the administrative hierarchy to contribute to key decisions and thus to the over-all efficiency of the organization. Some of the units dealt with are carrying on activities which are susceptible of a high degree of standardization, with the result that the field offices are relatively free of the central offices in operating within these rather detailed arrangements. Were it not for such standards, these organizations would be forced by the demand for uniformity to operate much more closely under the control of the central officials. Others are administering regulatory laws which, either because of policy or because of the difficulties of enforcement, can best be handled partly by negotiation rather than exclusively by prosecution. The responsibility of the field man is almost inevitably increased in such cases.

In activities in which situations arise which require immediate action decentralization of authority to the field men is frequently a necessity. In some cases such matters can be handled by speedy communication with headquarters, but more often they are dealt with by notification of action after it has been taken or by authorization in advance with respect to certain general types of emergencies.

The desirability of having the initial steps of administrative action taken by officials outside of the central offices may produce a considerable measure of authority in the field. This is particularly true where the functions of the unit are susceptible to or dependent upon a considerable amount of program-planning. In such cases the field participates in the planning process by developing items for consideration and by assembling data and making suggestions for evaluating the units of a proposed agendum. A similar situation occurs where the field offices develop and suggest changes in standard procedures or in methods of handling particular cases. The authority and responsibility of the field are also increased where it is principally answerable for investigations leading to changes in policy.

The necessity of working through or with state officials in carrying on the major portion of an agency's activities usually devolves upon the field offices the responsibility for carrying on the continuing contacts with the co-operating agency, although the initial arrangements are almost exclusively the concern of the central officials. Also, the necessity for dealing with a large number of individual citizens in the course of day-to-day administration forces the headquarters to intrust the field men with considerable finality in making such decisions. Neither of these factors, however, is of outstanding importance in connection with the agencies which have been the primary concern of the present study.

An influence in the direction of decentralization which is particularly noticeable among this group of agencies is that which results from the fact that the field offices are in many cases dealing with situations which not only are characteristic of, but are peculiar to, Chicago or its hinterland. The outstanding example of this is the Board of Trade, whose pre-eminence in the trading of grain futures gives the local field office a position in the Commodity Exchange Administration different from that of any other branch office in the organization. Where such is the case, a specialist in these functions can be such in

part because he is located near and has been concentrating upon the local manifestations of a problem. The local aspects, moreover, may be more significant than the general ones, with the result that the position of the field man is considerably enhanced. The force of this factor has been neglected in isolated instances, even in those agencies where it is most applicable, but in most cases it has resulted in giving the field man an authority of knowledge in the councils of the organization which is superior to his authority of function.

A final factor which can either increase or decrease the importance of the position of the field office in relation to the headquarters is the training and promotional policy of the central office. In some cases policies in these matters are well worked out and are closely knit with one another, with the result that the undesirable and unrealistic distinction between the departmental and the field services is minimized and the importance of the key positions in the field is increased. As a general rule, however, movement of personnel between Washington and the field is slight, with the predominant movement away from the field and to the central offices. Training in the field, while it receives increasing attention, is principally confined to technical operations and is almost unrelated to the problem of promotion and of recruitment for the higher administrative posts in the various agencies.

Obviously, it is impossible accurately to characterize in a single statement the relations of these field offices with their central headquarters. The relationship depends in each instance upon the particular combination of the foregoing factors which is applicable. In general, where the function of an agency is such that actions in the central office are in a large part dependent upon some sort of continuing activity outside of Washington, the influence and authority of the field men will be increased to that extent. Failure to realize this in particular cases will often cause repercussions severe enough to prevent a recurrence. Where an agency is not forced by the importance of various local factors to depend heavily upon the

actions and judgments of officials outside the central offices, however, the position of the field office is determined by a choice of policies which is influenced largely by tradition and by personal factors.

In general, it appears that the Department has shown many effects of the influences which tend to force decentralization, but, as far as this sample indicates, it has rarely gone beyond merely satisfying these influences. Few positive efforts have been directed toward decentralizing, and under these circumstances inaction has made centralization the norm.³

The limiting effect of central-office policies is clearly exemplified in the influence of these field offices upon one another and in their relationships with the other federal offices in the city. Within the Department of Agriculture group the only established co-ordinating agency—the United States Department of Agriculture Club—suffers from the handicap of insufficient official encouragement. It probably cannot perform adequately the functions of a co-ordinating agency until someone of Department-wide authority is stationed in the field to assist in the development of its program. It is not suggested, however, that such a person would be a formal co-ordinator of the Department's activities in Chicago. Where the problems and activities of a group of agencies are not more intimately interdependent than are those of the Chicago field offices, little can be expected of such formalized co-ordinate machinery. The function of this officer would be rather to strengthen and emphasize the existing informal relationships, especially those associated with the Department club. For this reason, this administrative "catalyst" might well be an employee of the Office of Personnel, as many of the common problems which are at present neglected are related to personnel administration in its more positive aspects. Moreover, since the problems in Chicago probably could not justify the cost of providing it with

³ A modification of this situation might be expected from the development of more adequate general staff work at the bureau level (see the suggestions on this point in John M. Gaus and Leon O. Wolcott, "The General Staff of the United States Department of Agriculture," *Plan Age*, VI [1940], 133-61).

a full-time officer, the employee might perform similar duties in several centers in the Middle West, becoming one of three or four such officers in the country. In addition, central-office encouragement through the bureau channels is needed to secure the co-operation of all the local offices in the activities which the club at present sponsors, since there is in Chicago no official whose competence extends beyond a single bureau. Without such pressure from his superiors the head of a local office may ignore with impunity the work of this semiformal co-ordinating body.

Illustrating the effect of central policy or lack of it, the strongest continuing contacts among the offices in Chicago revolve about commodity groups, and even within a single bureau the constituent divisions may have closer connections with offices of another bureau dealing with the same commodity than with the local officials who have the same immediate superior officers in Washington. Such commodity clusters are the result of the logic of necessity, and their existence is an evidence of the value to the entire organization of the voluntary co-operative efforts of the men in the field, but they are not without their disadvantages. Such groups may very easily become so strong that they will neglect the less obvious problems of administration which they have in common with other agencies of the Department dealing with different commodities. The same observation can be applied to the two functional groups which tend to become separate—those performing service operations and those intrusted with regulatory activity. There is justification for these divergences as long as they do not become too rigid, but the only insurance against this result is the encouragement by the central offices of forms of co-operation and co-ordinated effort which will cut across the strong lines which define these groups.

It is under these circumstances that an unofficial co-ordinating device like the Department club can contribute much to the efficient prosecution of the Department's activities in a center like Chicago. Without an official in the area of Depart-

ment-wide authority and with these commodity and functional groupings so strong that the appointment of such an officer might create as much confusion as benefit, the Department club is the only means whereby the United States Department of Agriculture in Chicago can exist as more than a name.⁴ At present, it succeeds in facilitating personal contacts among the local officials who attend its meetings, and indirectly it thus assists in promoting voluntary co-operation among the field offices. With more encouragement from the headquarters and with assistance in directing its efforts toward some of the co-ordinating activities not included in the more informal, day-to-day contacts, the club could increase considerably the importance of these field offices to one another.

Central-office policy is important in co-ordination in the field also with respect to the auxiliary services. The concentration of these activities in the headquarters service shuts off the field offices from a means of co-ordinating their operations along the specialized lines with which the auxiliary functions deal. Decentralization of the Department's legal work and of some phases of personnel work thus not only would encourage the independence of the field offices, as suggested above, but also would knit together their operations along specialized lines which are often neglected by the commodity clusters.

The weaknesses of field co-ordination show more strikingly than any other aspect of the operations of the Chicago offices the dangers in leaving the matter of field-service organization entirely to the individual bureaus. This accounts for the prevalence of the commodity clusters in the field, and it also suggests an explanation for the centralized organization of the auxiliary services. Although each bureau may be assured of a certain amount of field co-ordination and co-operation which is directly related to the subject matter of the bureau's func-

⁴ One may compare this situation with that referred to by Arthur W. Macmahon in connection with the departments themselves. He observes: "Departments remain geographical expressions . . . until they achieve a managerial core above the level of their bureaus" ("Departmental Management," in the President's Committee on Administrative Management, *op. cit.*, IV, 3).

tions, these influences are, on the whole, not sufficient to realize a Department policy with respect to relationships in the field. They appear to neglect the opportunities for co-operation in dealing with some of the less obvious management problems which the field offices have in common. This shortcoming could be corrected if the Department, either through the encouragement of co-ordinating mechanisms in the field or through the auxiliary services or even through the enunciation of a clearly understood policy with respect to field co-ordination, took a more positive part in the organization and management of the field services. Such a policy probably could not apply to all the widely separated offices of the Department, those located at some distance from any group of similar stations. But where the exigencies of organization have brought together a number of such offices in a single city like Chicago, which thereby has become a center for many of the Department's activities, it would seem that a Department policy on field co-ordination could be applied with profit.

At the same time the influence of these field offices upon one another, primarily through informal co-operation developed on their own initiative, is not inconsiderable. They are by no means isolated units operating without concern by one for another's activities. By exchanging information, by assisting in the location of violations of regulatory laws, by technical advice, by consultation at times on the development of common procedures, and by other contacts of less importance, the field men in Chicago succeed in extending and intensifying their area of effective operation both territorially and technically. It can safely be said that all the offices of the Department in Chicago co-operate with one or more of the other units of the Department in the city.

The influence of contacts with federal offices outside of the Department is generally similar to that of relationships within it, although such connections are less numerous and are obstructed by departmental lines in addition to those which have their basis in difference of commodity or of function. Like the

interconnections within the Department, these are largely informal in character, although a few are the result of legislative prescription, and the forms which the relationships take are like those already mentioned.

The formal mechanisms of co-ordination in the field are even less important outside the Department than is the Department club inside. One of these—the Federal Business Association—has been declining ever since the abolishment of the Federal Co-ordinating Service. Even in its prime, however, its location in the Treasury Department made it a device of limited value. Concerned almost exclusively with effecting minor economies, it has given almost no attention to the broader problems of co-ordination, although it has facilitated personal acquaintance among those who have been active in its affairs. The latter have been dominated, however, by the Post Office, which is the only agency in the city which has received material benefit from the organization.

The National Emergency Council—the other formal co-ordinating agency dealing with all the federal offices—has had no effect upon the older federal activities such as those covered by this study. Its facilities have been so limited that its work has been confined to the New Deal agencies and those older offices which are directly affected by their operations. These activities are the ones in which occur duplication and the other more obvious conditions calling for co-ordination, and the Council's attention has been directed at these rather than at the gaps in co-operative action which result from the routinized procedures of the established offices.

The auxiliary services of the federal government are of as little importance for co-ordinating the field offices as are those within the Department. Contact with the Civil Service Commission's regional office in the matter of appointments is entirely a matter of routine, and contact with the Department of Justice is almost nonexistent. Decentralization of the Division of Disbursement of the Treasury Department has eliminated delay in the handling of field pay rolls and in some cases

has given the field offices final authority in certification of these lists, but it has done nothing to facilitate co-ordination of the field activities.

It thus appears that the extent to which there has developed a unified treatment by the field offices of the substantive and procedural problems in the area is almost entirely the result of the initiative of the field men. Despite the lack of effective formal agencies of co-ordination, the frequency of informal assistance of various types indicates that the relationships among the field offices are of not inconsiderable importance. While the cases are few in which the effectiveness of one agency is closely dependent upon co-operation with another, the operations of those which have participated in these informal relationships have been facilitated and, despite the fact that it would be desirable to develop the formal co-ordinating devices, the importance of these informal arrangements should not be overlooked.

Ultimately, the most important point at which one can ascertain to what extent the advantages of decentralization have been secured is the point of contact between the field offices and the public. Like the central offices of most of the federal departments, these branch offices have a public which is limited to the individuals and groups in the trades which are affected by their activities. Dealings with farmers' groups are comparatively rare, and contact with the general public is practically nonexistent. The principal relationships are with the organized markets, associations of operators in the local markets, the national trade associations which have main or branch offices in the vicinity, and a few producers' groups.

These contacts are affected by a number of variable conditions, but, like those which have been mentioned already, the most important are the policies of the central offices. There appears to be no sharp line of demarcation between the relations of the service groups with the trade and those of the regulatory agencies. The latter appear more as arbiters and facilitators than as policemen, and the former may, as a result

of actions by the central officials, find themselves the object of an attitude which is usually associated with regulatory functions. Where the policy-making officials of one of the regulatory agencies have deliberately encouraged the accomplishment of the objects of their work without resort to formal prosecution, relationships with the trade are usually informal, cordial, and satisfactorily effective, and the way is left open for the field offices and the entire organization to benefit from the specialized judgment and experience of groups in the trade. Also, where the central offices are subject to pressure from trade associations in Washington, their policy with respect to consulting the field before assessing the merits of these claims may affect the field's relations with local trade groups.

The amount of authority which has been delegated to the field offices closely controls the nature of their contacts with their public. There is a general tendency for all questions of general application to be taken to the central offices for decision, but where the agency's operations give rise to questions which involve the application of general rules to specific cases and the field office is technically competent to deal with such questions, the relationships with the trade will be quite close. In fact, it not infrequently happens that if contacts between the field and the trade are generally cordial, the latter will consult the former even on matters of general policy before taking them to Washington. There seems to be a practice on the part of trade groups to take their problems to the official whom they know highest in the hierarchy. Thus it happens that the national associations with offices in Washington are more likely to deal directly with the central offices than are the local groups, and even the latter will deal directly with the headquarters if the field men have not been authorized to handle the problems in which they are interested. The policies of the central officials, therefore, not only will determine the nature of the field's contacts with the trade but also will influence the degree to which the advice or opinions of the trade are representative.

Like the other relationships of the field offices, those with the trade are largely informal and voluntary. Even those which have been legally prescribed have been expanded by personal, voluntary connections. In fact, the entire group of contacts indicates a degree of interdependence which, in turn, suggests that the trade groups are almost as important in the work of the field offices as the latter are in the activities of the former. Outstanding among these contacts is the supplying of information by the field. Each of these offices supplies information to its public, and as a whole they resemble in this respect a large publicity office with specialized subdivisions. Since it appears that administrative agencies are inevitably limited in their citizen contacts to special groups whose activities are directly affected by the formers' actions, one of the principal functions of the field offices is to keep their specialized publics informed—a duty which they can perform more effectively than could a general field office of information.

In addition to supplying information, the field receives considerable data from the trade groups which are essential to its investigations. The field, in turn, has succeeded in part through its regulatory actions and by the investigations which it has made in correcting some popular misconceptions respecting the operations of the markets in the city. Also, the trade groups and individual firms not infrequently report violations of regulatory laws and in other ways extend the effective operating area of the field men. The latter assist in enforcing the rules adopted by some of these associations and arbitrate disputes between operators in the market. Where circumstances permit, they attempt to accomplish the purposes of regulatory legislation without formal action by working through the trade associations and market groups. Finally, the field men and the trade groups co-operate in making suggestions for changes in the methods and procedures of the federal offices.

The chief criticism of the achievement of popular control

through the field offices is based on the rarity of contact with farmers. The field offices of the Bureau of Animal Industry are almost the only ones which have any close connection with farmers or their organizations. Those whose activities are designed in part to aid the producer but must do so by dealing almost exclusively with the market agencies have practically no opportunity to contact the former. This situation, however, does not appear to have caused any serious maladjustments, and there seems to be no very simple way of correcting it. Where the field men are performing highly specialized and technical functions, as is the case with these offices, almost the only ones who are qualified to criticize them are those who are the objects of supervision and thus may be aware of their weaknesses. The problem is so to organize the agency's operations that it will come in contact with enough disinterested specialists on the outside to control those on the inside.

From the above discussion one may draw a generalized picture of the field offices and their role in the operation of the administrative structure as a whole. Such a picture would indicate that they are considerably more than the eyes and ears of the central offices, even in those cases in which the latter restrict the independence of the field within relatively narrow limits. Of all the forces which govern the importance of the part played by the field, however, the policies of the central office regarding decentralized field operations are the most significant.

The policies of the central offices, however, are not completely controlling. The extent to which the various relationships of the offices in Chicago are purely voluntary and the frequency with which they have developed without the direction or the encouragement of the central offices indicate that while the Department has given little consideration to field organization, the branch offices have not been so restricted as to prohibit the growth of such connections. More importantly, these considerations also indicate that the mere existence of

field offices is sufficient to cause the development of numerous connections with both public and private individuals and groups operating in the vicinity of the branch offices.

As one might expect, the Department of Agriculture in action, as seen through the operations of the bureaus which have been the principal concern of this study, shows tendencies both toward and away from decentralization. In fact, one can conclude that the movement toward decentralization has been sufficiently strong, as far as this group of field offices is concerned, to realize many of its advantages. In adapting national programs to regional or local peculiarities experimentation is perhaps less important than the representation of local needs to the central offices, and occasionally the field men are not consulted or their suggestions are ignored. On the whole, however, they are able to represent their localities in the central councils.

The principal disadvantages of a decentralized administrative system do not appear in the operations of the Chicago field offices, in part because decentralization has not advanced far enough to produce them and in part because there are arrangements available to offset them. The demand for uniformity, as has frequently been pointed out, is one of the strongest influences upon the field offices. Also, whatever weaknesses appear under the head of co-ordination are not attributable to the field, since centralization is so far the rule that primary co-ordinating responsibility is concentrated in Washington and since this group of field offices has largely on its own initiative developed a series of co-ordinating relationships which greatly assists its operations. Finally, because little discretion is allowed the field men and because their relationships with the trade are on the whole not of the pressure-group type, there is little danger that the outlook of the field men will become localized and that the interest groups will become so influential that the objects of national policy will be lost.

The problems of centralization-decentralization—the zoning of power—have been among the most persistent difficulties in

the field of government. Involving adjustment to changing ideological currents, economic arrangements, and territorial alignments, they are a result of the dynamic forces of a changing society and are among those problems for which a final solution has never been found. Dissension among the people, dismemberment of nations, and the eclipse of ruling groups have been the fruits of failure adequately to cope with these questions.

While administrators cannot be expected to assume the entire, or even the primary, responsibility for maintaining an equilibrium among the conflicting elements of society, no function of government is without responsibility for assisting the adjustments which such a balance requires. Administrative arrangements may not cause or eliminate the maladjustments of centralization, but they can do much to augment or decrease their effect. Especially is this true in the present day when the responsibilities of administration are rapidly increasing and the technicality of governmental operations makes the problem of responsiveness to the public more difficult and at the same time more urgent than ever before.

This is the position of administration in most countries today. In the United States the problem is further complicated by the fact that the newer duties of government are inconsistent with the jurisdictional independence which is demanded by a rigid theory of federalism. Ways must be found within the fabric of our governing system to modify this independence, especially in the sphere of administration. At the same time, in a nation which spans an entire continent the inevitable local and regional peculiarities of economic organization, of physical environment, and of ideological outlook must be incorporated into the operating mechanism of administration.

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